

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

รายงานประจำปี 2563

ANNUAL REPORT

2020



**South East Asia's Largest
2-Wheel Tire Manufacture**

SPORT . MOTOCROSS . SCOOTER . BIGBIKE
VINTAGE . ATV . GOLF . BICYCLE AND TUBE

 **DURO**



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*** "Investors can learn more on the issuing company's Annual Registration Statement (Form 56-1) of the companies listed. www.sec.or.th or the company's website www.duro.co.th"

Policy and Business Overview

Hwa Fong Rubber (Thailand) Public Company Limited ("HFT") was established in 1987, with current registered capital of 658,434,300 Baht and paid up share capital of 658,434,300 Baht. Having 33 years of expertise, HFT core businesses are manufacturing and distributing of tires and inner tubes for bicycle, motorcycle and small logistic vehicles. The vehicles include but not only: trolleys, forklift, golf cart, and all-terrain vehicles. HFT produces products under recognizable worldwide trademark named "DURO", "Q-UICK", and "DUNLOP" owning by Sumitomo Rubber, Japan. With DURO stemmed from the technology and marketing support of Hwa Fong Rubber Industries company limited ("HFR"), Being HFT's majority shareholder, Hwa Fong Rubber Industries company limited ("HFR") is a known name in Republic of China Taiwan for its quality in manufacturing tires and inner tubes for bicycle, motorcycle, automobile, and industrial vehicle. HFR has been listed in Taiwan Stock Market for more than 26 years. With rapport supports and more than 3 decades of experiences, HFT proudly produces excellent product with high quality, recognized globally and certified with ISO 9001:2015 and ISO 45001:2018.

HFT's sales portion is classified by the local and international sales in the percentage of 30.76% and 69.24% 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.

Vision

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

Objective

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.

Message from the Board of Directors

In 2020, it has been a challenging year due to the spread of Covid 19 across Thailand and worldwide. This pandemic situation has affected the world economy including Thailand. Especially in the automotive industry, not only domestic demand has declined, but the export market also has been interrupted. The exports can not be accomplished according to the lockdown of some countries. The company including team members has made every effort to achieve the target. Even though, as the result, the performance target of 2020 is not achieved, we can get through this crisis with the cooperation and support from all of you.

Hereby, on behalf of the board of committee and management, we are thankful to all customers, business partners, shareholders, employees, stakeholders, and all related persons for being a part of our business and supports us to reach the goal as the sustainable company.



Mr. Shen, Kuo-Jung
Chairman of Board of Directors

Report of the Audit Committee

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

Business Characteristics

Company Background

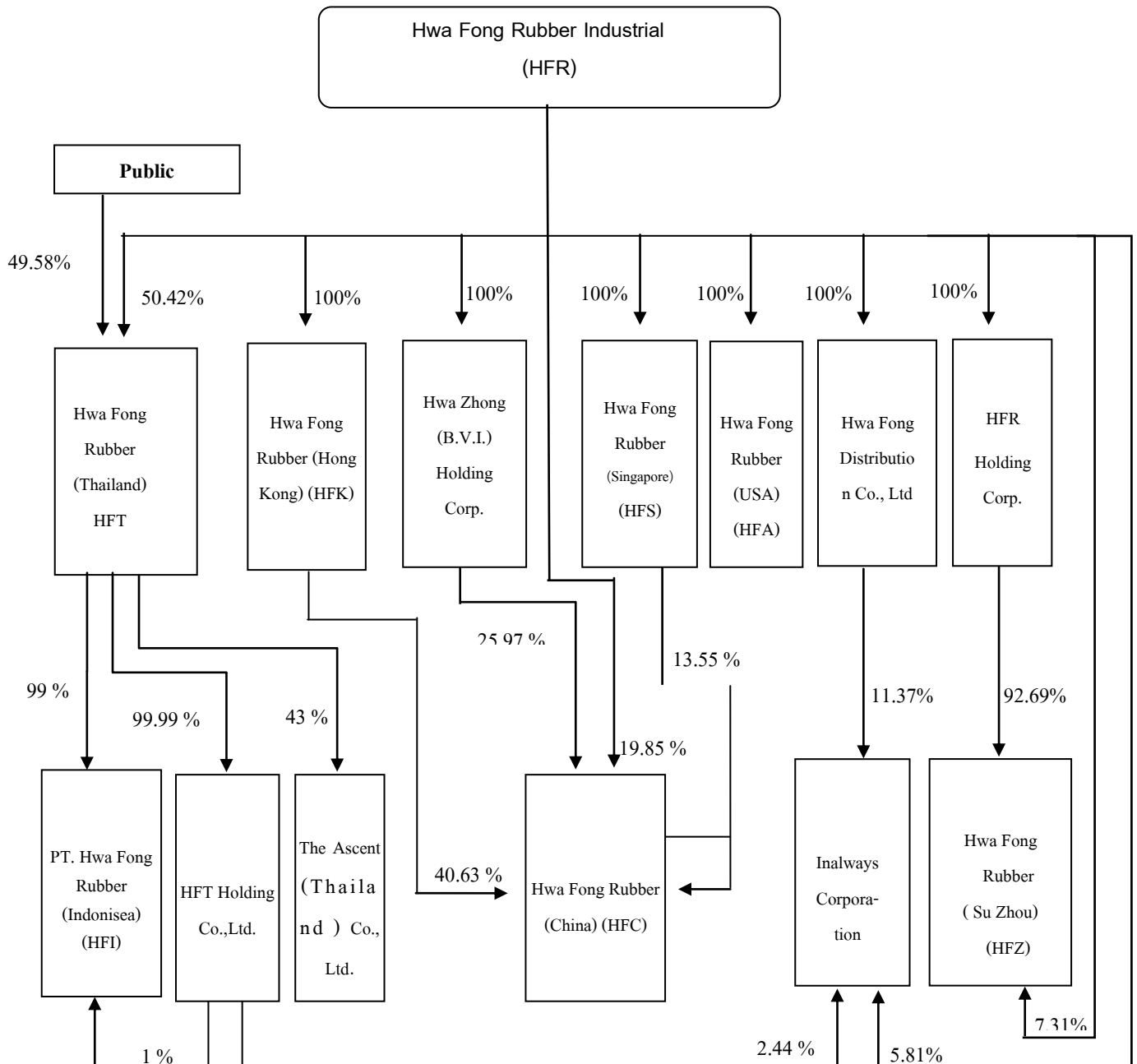
- 1989 - HFT was established on June 2, 1987 with initial registered and paid-up capital to Bt 300 million. HFT is a wholly owned subsidiary of Hwa Fong Rubber Industries Co., Ltd. (Hereinafter called "HFR"), with 99.99% holding stake. Initially, the nature of business was to manufacture bicycle tire and tube under the brand name "Duro" and motorcycle tire and tube under the "DUNLOP"
- 1996 - Obtained ISO 9002:1994
- 1998 - Expanded the production line to the production of tire and tube of motorcycle 1999
- First Launched motorcycle tire and tube for HONDA Motorcycle in form of OEM
- 2002 - Obtained ISO 9001: 2000
- Became Public Company on July 29, 2002
- 2003 - Increased Registered Capital to 387,100,000 Baht and SET has granted a listing of Common shares of HFT
- 2004 - Constructed the second factory in Bangpoo Industrial Estate Samutprakarn
- Certified Industrial Product Standards (TIS) Motorcycle Tire
- 2005 - Commenced to run the second factory's operation for manufacturing the all-terrain Vehicle tire
- 2006 - Increased its registered capital up to 774,200,000 Baht with paid-up capital of 658,434,300 Baht
- Obtained SNI (Standard National of Indonesia) 2007
- Registered Trademark "Q-UICK"
- 2008 - Decreased Registered Capital from 774,200,000 Baht to 658,434,300 Baht with paid-up capital of 658,434,300 Baht
- 2009 - Registered to change its par value from 10 baht to 1 Baht with registered capital amounting to 658,434,300 shares and paid-up capital at 658,434,300 Baht
- 2010 - Obtained ISO 9001:2008
- HFT Holding was established registered capital up to 50,000,000 Baht with paid-up capital of 50,000,000 Baht
- HFT has a project to be offered for sales to the public in Taiwan as Taiwan Depository Receipts (TDR) amount 210,000,000 shares that hold by Hwa Fong Rubber Industries (HFR)
- The company started Treasury Stock project with re-purchasing share amount 40,929,800 shares
- 2011 - The company made changes in the production of All Terrain Vehicle (ATV) from the trademark "DUNLOP" to be "DURO" which is the company own trademark.
- 2012 - The company had sold of completely the re-purchasing share through Stocks Exchange of Thailand (as on January 15, 2013).
- 2013 - The company began importing machinery to expand production capacity by promotional certificate from the Board of Investment (BOI).
- 2014 - The Company has installation of machinery and ready for trial production in the 4th quarter of the project promoted by the Board of Investment (BOI).
- The Company has increased its capital with HFT Holding Co., Ltd. from 50,000,000 Baht

- to be 100,000,000 baht, with paid-up capital of 100,000,000 Baht
- The Company has a joint venture with The Ascent (Thailand) Co., Ltd, about 43% of the registered capital of 20 million baht, with paid-up capital of 50 percent.
 - The Company has a joint venture with Chital International Co., Ltd., about 45% of the registered capital of NT \$ 25,000,000, with fully paid-up capital.
- 2015 - The Company began manufacturing and selling tires of motorcycles, as had been allowed to expand capacity from the Board of Investment (BOI).
- 2016 - The Board of Directors approved the investment in Indonesia by establishing Hwa Fong Rubber (Indonesia) Co., Ltd. (HFI) with 99% of shares held by the company and 1% of shares held by HFT Holdings Co., Ltd.
- 2017 - Purchased land in Indonesia to prepare for factory construction according to investment plan.
- The Board of Directors approved land purchase for investment in the third factory requested investment promotion from the Board of Investment (BOI) to produce bicycle tires and tubes.
- 2018 - Purchased land for construction of third factory.
- Decelerated the construction process of factory in Indonesia.
- Expanded production line of bicycle tires in the second factory.
- Registered for dissolution of joint venture.
- 2019 - Commenced to run the second factory's operation for manufacturing the bicycle tires
- Commenced on manufacturing and distributing the bicycle tires, as had been supported by the Board of Investment (BOI).
- The facilities construction and machinery procurement has been started, aiming to expand the capacity of rubber mixing.
- 2020 - Requested investment promotion from the Board of Investment (BOI) to produce motorcycle and bicycle tires and tubes.
- Imported the machinery to respond to the higher demand of rubber mixing.
- Obtained Occupational safety standards ISO45001: 2018

HFT has been established and expertise in the tire and tube business for the period of 33 years with the technology support from HFR, parent company incorporated in Taiwan founded more than 74 years. HFT's product has been well recognized in the international standard i.e. "DOT" (Department of Transportation) in 1974 CNS (Chinese National Standard) in 1978, JIS (Japan Industry Standard) in 1989, QS-9000 in 1998, European Union Standard (E-Mark) in the year 1992, ISO 14001 in 1994 and China Compulsory Certification (CCC-Mark) in 2006 and the MS mark (Malaysian Standard) in 2010.

Group Structure

Currently, HFT's Major shareholder is HFR, the parent company located in Taiwan, in which the group structure is set out below:



Relationship with the business group of the major shareholders

Hwa Fong Rubber Industries – HFR: The Parent Company for the affiliates consisting of HFT, HFA, HFC, HFZ, and its subsidiaries. HFR is located in Taiwan. Having had subsidiaries all around the world, HFR is the one who determines the production and marketing policy, obtained from the resolution of the managerial meeting, for all affiliated companies. Not only, supervise the operation of affiliated companies

closely, but also HFR runs the business as the tire manufacturer and distributor in Taiwan mainly as well as markets around the world consisting of Europe, the Middle East, and North America by focusing on medium to high-end tire manufacturing, the tires of motorcycle and high-speed industrial vehicle. The sales channel of HFR product mainly is; Taiwan domestic market especially for the bicycle tires, EU market for motorcycle tires, and the worldwide market for other industrial vehicle tires including the vehicle radial tires, of which the market is growing continuously. Moreover, the parent company also gives the affiliated companies the support of research and also technology receiving the technology cooperation from the business alliance in Japan, Sumitomo Rubber co., Ltd.

Hwa Fong Rubber (Thailand) Plc. – HFT: Being Manufacturing and distributor center, HFT in addition manage and direct the marketing strategy in Thailand, South East Asia, Africa and Australia. For international markets such as Europe and America, having obtained full support from HFR, parent company, HFT manufactured the tire and tube for bicycle, motorcycle, small logistics equipment vehicles and all terrain vehicles focusing on the medium to high quality compared to any other company in Hwa Fong universe. In addition, HFT produces the tire for low-speed vehicle, which is the different product from the parent company's market in Taiwan manufactures, thus distinguishing HFT from other companies amongst group.

Hwa Fong Rubber (USA) - HFA: Trading center in North American Market and after sales service. HFA's main Business is to receive the products from variety affiliates and distribute in the United States of America.

Hwa Fong Rubber (China) - HFC: Manufacturer and distributor, its main market is to penetrate in China, America, Africa and Middle-East. The quality of product is regarded as medium to low-end among the group. Likewise, HFC manufactures the tire for low-speed vehicles but distributes in the different market segments from HFT. Besides China market, HFC products are exported to the United States of America via HFA, Africa and the Middle East.

Hwa Fong Rubber (Hong Kong) - HFK: Trading company set-up due to the Taiwanese law stipulated restriction of direct Taiwanese company investment in China taken effective since 1994. Therefore this entity has been established as BVI company to be conduit investment co. in China. There's no production activity.

Hwa Fong Rubber (Singapore) - HFS: Holding company, who's wholly, owns HFC on behalf of HFR to make trading with HFC. Due to the Taiwanese law stipulated restriction of direct Taiwanese

company investment in China. This company has been emerged after the handover of Hong Kong to China in the year 1997.

HFR Holding Corp. Holding Company owns the shares HF-Suzhou on behalf of HFR, parent company without any production and trading activities. HFR Holding has been founded by HFR for the investment in 1998

Hwa Fong Rubber (SuZhou) Company Limited - HFZ is a manufacturer and distributor of radial tire for worldwide market.

Hwa Fong Rubber (Indonesia) - HFI is a subsidiary company of Hwa Fong Rubber (Thailand) Plc., Currently, the factory construction has been postponed.

Hwa Zhong (B.V.I.) Holding Group - Trading company set-up due to the Taiwanese law stipulated restriction of direct Taiwanese company investment in China taken effective since 1994. Therefore this entity has been established as BVI company to be conduit investment co. in China. There are no production activities.

Hwa Fong Distribution Co., Ltd. Business operation of clothes, electric appliances, vehicle tire, electronic appliances as wholesaler and retailer, also as trading company, rental of asset and International business.

Inalways Corporation is a Computer manufacturing and sale of electronic parts assembly, import and export business.

HFT Holding Co., Ltd. on behalf of Hwa Fong Rubber (Thailand) Plc., This company was established for trading finish goods and raw material ,Bond Investment, immovable property investment for selling ,leasing and for rental, wholesaler and retailer tire, tube and vehicle equipment, International Investment and support business of HFT.

The Ascent (Thailand) Co., Ltd. is a joint venture with Hwa Fong Rubber (Thailand) Plc., This company was incorporated on April 1, 2014 for International trade or investment include selling Tire, Tube and vehicle equipment of all types. The order to sell in the local and export the product bicycle, Motorcycles and spare parts. Registered for dissolution on 27th February 2018. Now under liquidation process.

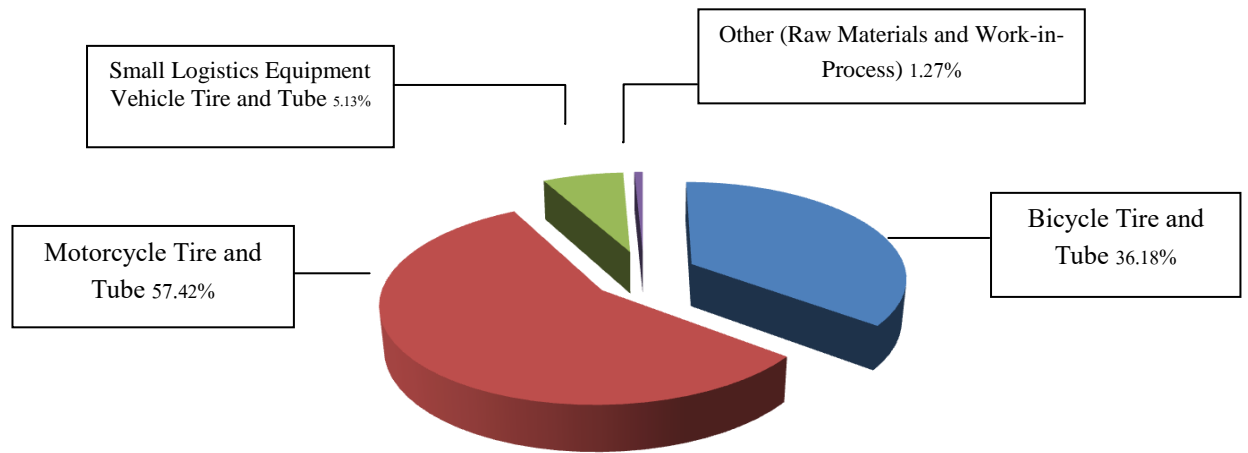
Revenue Structure

Value of Products categorized by the Product line in the year of 2018 - 2020 (THB Million)

Product	2020		2019		2018	
	(MB)	%	(MB)	%	(MB)	%
<u>Domestic Sales</u>						
1. Bicycle Tire and Tube	24.34	0.91	26.40	0.97	35.35	1.38
2. Motorcycle Tire and Tube	763.38	28.65	754.33	27.56	719.32	28.15
3. Small Logistics Equipment Vehicle Tire and Tube	14.05	0.53	17.42	0.64	18.98	0.75
4. Other (Raw Material, Mold and Dies, Motorcycle spare parts)	17.94	0.67	17.89	0.65	18.98	0.75
Subtotal Domestic Sales	819.71	30.76	816.04	29.82	787.81	30.83
<u>International Sales</u>						
1. Bicycle Tire and Tube	939.86	35.27	943.03	34.46	866.69	33.92
2. Motorcycle Tire and Tube	766.76	28.77	817.69	29.88	720.86	28.21
3. Small Logistics Equipment Vehicle Tire and Tube	122.61	4.60	147.75	5.40	163.91	6.41
4. Other (Raw Material, Mold and Dies, Motorcycle spare parts)	15.89	0.60	12.17	0.44	16.21	0.63
Subtotal International Sales	1,845.12	69.24	1,920.64	70.18	1,767.67	69.17
Total Revenue from Sales	2,664.83	100	2,736.68	100	2,555.48	100

Remark : Hwa Fong Rubber (Thailand) Plc. are operated for the sole.

Sales Proportion for the year 2020



Based on the figures above in 2020, we can observe that the major income structure comes from the international sales 69.24% and domestic sales 30.76%. Nonetheless, when compared to the revenue in 2019, the total revenues from sales generally falling 2.63% due to the decline in sales of motorcycle and small vehicle tires and tubes. Most of revenue from export sales are mainly from bicycle and motorcycle tires and tubes. In contrary, revenue from domestic sales remains from motorcycle tires and tubes.

BUSINESS DESCRIPTION

Product Description

HFT mainly engages in the business of manufacturing tires and tubes, which categorized below:

- Normal bicycle tires such as Mountain bikes and road bikes, etc.
- Motorcycle tires such as normal motorcycles, high-speed motorcycles, scooters, Motocross, etc.
- Small logistic vehicles i.e., trolleys, forklifts, tractors, agricultural vehicles, golf carts.
- All-terrain vehicles
- Wheelchair tires

Currently, HFT has received BOI privileges to produce motorcycle tires with a capacity of 3.6 million tires per year. The privilege allows exemption of corporate income tax for 8 years from the date of revenue receiving. Its condition is to construct factory in the industrial estates area.

In 2020, HFT has received BOI privileges to produce bicycle tires with a capacity of 6 million tires per year. The privilege allows an 8-year corporate income tax exemption raised to 100% of investment excluding land cost and working capital from the date of revenue earning. Its condition is to construct a factory in the industrial estate area.

▲ Tire Products Tires are the product range that generates the highest income for HFT, both in the domestic and overseas markets. In 2020, the company's revenue from sales of various types of tires accounted approximately for 80.24% of total sales revenue.

▲ Tube Products Comprise a wide range of product types and range in order to satisfy various different groups of customers. In 2020, the company's revenue from sales of inner tubes was approximately 18.49% of total revenue.

▲ Others (Raw material, Semi-finished Products, Mold and Dies, motorcycle spare parts)
In 2020, HFT generated the revenue from sales of these products constituting to around 1.27% of total sales.

Contractual Agreements pertaining to the HFT's business

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** is the contract that has been made between HFR, the parent company, which was effective since August 27, 2005 for 3 years validity (1 year, with an automatically renewable). The essence of the contract has been referred to the right to use "DURO" trademark for local and international sale with terms and conditions that HFT must pay the fee up to 0.50% of its total sales under brand name "DURO" to HFR.

Additionally, since June 1, 2020, the technical support fee and the trademark license fee in the agreement were revised. For the trademark license fee, HFT must pay the fee by 2% of total sales under the brand name "DURO". The agreement has 1-year validity and, automatically renews for another 1-year term unless either party provides notice to the other of its intent to terminate this agreement.

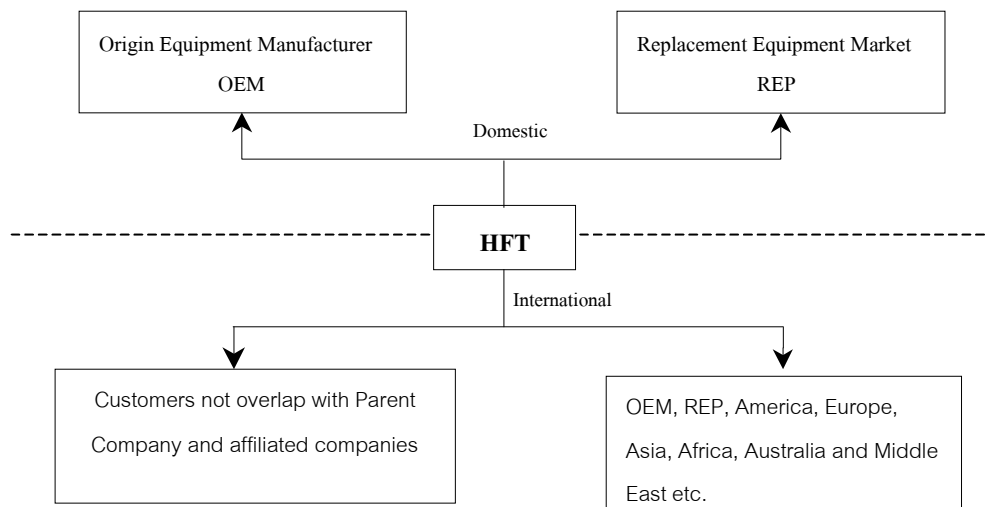
2. **Technical Cooperation Agreement** is the contract made between the parent company, HFR, and HFT for the technical cooperation to be effected since August 27, 2005 for 3 year validity (If there is no any party terminates the contract, it will be automatically renewed on a one-year basis). The essence of the contract referred to production technology from HFR researches such as factory layout, machines and equipment, production process, raw material ingredients, training program, product development including the right for using the trademark for selling as domestic and international sales with the term and condition of HFT pays for the fixed fee 150,000 US Dollar per year to HFR. In 2019, HFT revised this fee to 200,000 US Dollars per year without other changes in the contract.

Additionally, since June 1, 2020, the technical support fee and the trademark license fee in the agreement were revised. The technical support fee shall be paid by 1% of total sales of product receiving the technical support from the parent company. The agreement has 1-year validity and, automatically renews for another 1 -year term unless either party provides notice to the other of its intent to terminate this agreement.

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.

Marketing and Competitive Environment

Market Structure Diagram



➤ Domestic Market

In domestic market, HFT's target customers can be categorized into 2 groups as follows:

1. **Original Equipment Manufacturer** more commonly referred to as the "OEM" of bicycles and motorcycles who are major manufacturers in domestic market, whereby HFT sells directly to, namely BANGKOK BICYCLE, SIAM CYCLE, for instance, under the brand "DURO", and major leading motorcycle manufacturers from Japan include HONDA, KAWASAKI that are sold under DUNLOP Brand. As the company has a good relationship with SUMITOMO RUBBER GROUP, this makes HFT receive more confidence in product quality and has the possibility to enhance the market due to the renowned trademark.

In 2020, the company had a market share of 6.5% in OEM domestic motorcycle market, and also constantly sells golf cart tires under DURO brand to leading golf cart manufacturers such as THAI YAMAHA MOTOR.

2. **Replacement Equipment Market** or more commonly referred to as the "REP" in order to replace a new tire by selling via the Sales Agency under the well-recognized brand and logo i.e. "DURO", "Q-UICK" and "DUNLOP". HFT manages its own marketing strategies in domestic market using several important tools, including placing special emphasis on product quality with a reasonable price, whereby products manufactured by HFT has been granted with ISO 9001:2008 Quality Certification, and ISO 45001: 2018 Occupational Safety Standards. HFT also sets the price of its own products in domestic market, and this engagement has not been intruded upon by the parent company. Under such normal circumstances, HFT sets the price range of its products by means of its calculation on the production cost, as well as taking the competition and the prevailing conditions of the domestic market as the major factors into consideration.

➤ Overseas Market

Whereas the company and the affiliated companies within the group are manufacturing similar products i.e. tubes and tires, in order not to prevent overlapped target market and conflict of interest amongst affiliated in parent company's group, the product types and market sectors of the affiliated companies have, therefore, been segregated, a strategies approved by Board of Directors of the parent company is strictly implemented as follows:

• The product type and market sectors of the affiliated companies

		Product Categories/Segmentation			Market		
		HFR	HFT	HFC	HFR	HFT	HFC
Bicycle Tires Bicycle Tires	Category	High-end	Middle-Low End	Middle-Low End	Taiwan, Europe	Thailand, ASEAN, Europe and worldwide	China, America
	Type	skin wall tire, Tire without tube High Quality	black tire Skin wall tire Color Tires	black tire Color Tires			
	Category	High-end	Middle-Low End	Middle-Low End			
Motorcycle Tires	Category	High-end	High-Middle End	Middle-Low End	Taiwan, Middle East, Africa and Europe	Thailand, Asia, Middle East and Europe	China, Africa, Middle East
	Type	For high speeds Exceeding 180 km/hr	for speeds less than 180 km/hr	for speeds less than 180 km/hr			
Industrial Rubber Products	Category	High-end	Low- End	High- End	Taiwan, Middle East, America	America, Europe and Japan	China, America
	Type	Heavy Truck Fork lift Skid loader	Hand cart, Lawn mower, Small Trailer, Golf cart	Heavy Truck Utility trailers Mobil home			
	Category	Middle End	Middle-High End	Middle End			
	Type	For speeds exceeding 100 km/h.	For speeds less than 60 km/h.	For speeds exceeding 60 km/h.			
		All Terrains Vehicle (ATV)	All Terrains Vehicle (ATV)	All Terrains Vehicle (ATV)			
	Type	For speeds less than 80 km/h.	For speeds less than 80 km/h.	For speeds less than 60 km/h.			

Remarks

- HFR : Hwa Fong Rubber Industries Co., Ltd. Which is the mother company located in Taiwan.

- HFT : Hwa Fong Rubber (Thailand) Plc.

- HFC : Hwa Fong Rubber (China) Co., Ltd.

High-end Market refers to the tire market, including industrial rubber parts and components, which uses high technology for their production, i.e., Skin Wall tires that has light weight and durable against impact tension, suitable for racing bikes and tires without tubes such as all-terrains vehicle and freestyle bikes of which the 'Price Range' is also used for segregating the various quality levels.

Mid-Low end Market indicates bicycle, motorcycle and all terrains bicycles tires market (including industrial vehicle tires) for customers in general, i.e., privately owned a motorcycle which does not use excessive speeds, affordable price, and the manufacturer need not take the weight factor into consideration like Racing Bikes. However, production is under international quality standard control as aforementioned, offering a wide product range, including different designs for different speed requirements of vehicles, and therefore the price range becomes a clear segregator of both the product range and market segment.

Each affiliated company in HFR group has established a clear-cut policy in terms of target customers and market segment in order to prevent the affiliated from vying for the same target group of customers. Nonetheless, though that there are presumably overlaps among the affiliated companies, i.e., HFT and HFC, which similarly produces motorcycle tires for the mid-low end market, but their customer base is totally different, that is, HFT's customer base is targeted on domestic market, Asia and in Europe, while HFC has its customer base in China (PRC) and U.S.A., whereas HFR expertise in bicycle and motorcycle tires as well as industrial vehicle tire production that required high technology in manufacturing process, resulting in high quality products and price differences. Therefore, HFR's target customers are different from both HFT and HFC.

In conclusion, the parent company (HFR) has a policy to determine and set out the target group of customer for each of the affiliated companies, as well as setting the price range of the products to be marketed in other countries with HFA as a distribution center in United States of America.

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

1. Customer Groups provided by the Parent Company

The Parent Company is responsible for arranging customer name lists in accordance with target market and product range manufactured by the company, in line with what stated earlier in the chart. Whereby, the company is responsible for delivering the products and collecting payment directly from customer, in this case the markets include Europe, North America and Africa etc. Currently there are many customers provided by the Parent Company that ranked as our top customers.

2. International Customers individually acquired by HFT

The company is allowed to seek for customers in international market as long as the export products and the market segment will not overlap with the products and market segment already taken by affiliated company i.e., the major customer in Europe such as Decathlon Group and Vittoria for bicycle tire manufacturing, and for Indochina countries, ASEAN, Middle East, and Africa. The company is responsible for setting the product price range with same product price comparison as reference in order to prevent price competition between companies within the business grouping, and making product price range in line with the prevailing conditions of competition in the international market. The important factors used for setting the product price range include the cost of raw material, the types of product and similar price of similar products manufactured by competitors, the prevailing market price range and market conditions at that time.

➤ **Domestic Competition**

1. Original Equipment Manufacturer (OEM)

For the motorcycle market in 2020, the number of registered motorcycles was 1,681,437* units, a decrease of 10.4% compared to 1,876,710 units last year. This declination was caused by the lower purchasing power of agriculturists, affecting by the economic recession, the low agricultural price as well as Covid-19 pandemic, and the natural disasters.

The demand for motorcycles tends to gradually increase according to expectedly the continuous economic growth. Additionally the government project, the financial support to the low-income families, aiming to inject the money into the economy, and the money circulation during the election period in 2020, consequently provided positive effects to the motorcycle manufacturers and distributors.

The sales growth is not so high, however, because the main income still relies on the purchasing power of agriculturists having low and inconsistent earnings.

(* citing www.dlt.go.th)

2. Replacement Equipment Market (ERP)

In 2020, on the whole, it was quite the sluggish demand in the domestic market due to economic recession and Covid-19 Pandemic. Many enterprises ceased operation and the unemployment rate has risen. In addition, under the high competition, to maintain the market share, some sales strategies, i.e., the price and promotion strategies, were implemented in some enterprises besides, the emergence of new normal, for instance, online purchase, food delivery. Nevertheless, HFT sees the opportunities hidden behind the crisis and prepares the production to be ready for the economic recovery. Furthermore, HFT gives precedence to a good relationship with the network distributors. As the result, the existing customer base can be retained due to the kind cooperation from customers and stakeholders.

The company continues to sell directly to nationwide wholesale and retail stores for REP, both Bangkok and upcountry, with the promotional campaigns. Moreover, the company possesses a competitive advantage by having well-organized manage logistics and distribution system. These factors, together with the excellent quality of our products, are a strategy that gains favorable feedback from the market.

The company maintain its focuses on quality and competitive price. Our products are well received and customer are well assured with excellent quality of our products. From these factors we are able to not only maintain sales but also re-imprinting brand recognition successfully.

➤ **International Market Competition**

The company exports its related products to wide array of countries all over Asia, Europe, the United States of America, Africa and Middle East, with several supportive factors including:

- Possession of trademark that is recognized worldwide;
- Marketing support by the parent Company and affiliated companies in the group, which have extensive experiences in operating this business;
- Being the globally recognized and qualified products to compete worldwide.

Nonetheless, due to highly pricing competition attributable, regarding the marketing policy during year past if compared with the competitor for the same product was found that; For bicycle tire product, the company can arrange the selling point by setting the price which is affordable by customer. Importantly, the company has got the high-quality stability compare with the competitors, as the company is a big manufacturer and can produce in the continuous big volume quantity. Therefore the company can receive the incoming order systemically as well as customer can plan and provide the forecast order in more advance manner. That is including with Skinwall bicycle tire (thin sidewall – high performance) which has high quality and lightweight and has been developed continuously to the higher level. In addition, the company has created a sales point as business participation or partnership in sharing marketing information. Therefore, not only the market segment of the customers but also the regional distribution centers has been increasing. Especially in, EU region, the consumption of bicycle tires tends to increase due to the new normal emerging. Unfortunately, the overall sales of bicycle tires and tubes in the past year have decreased slightly due to CIVID-19 pandemic. nevertheless, for the prompt delivery after the demand recovery, the company has made a continuous production plan to support the advance orders, as well as, to improve the product management and increase productivity, the human resource development still is substantially in progress.

Concerning motorcycle tire and tube, company continues focusing on marketing support for customer, by doing a research on product price of competitors and combining it into the price structure of each markets for being competitive. Also, company has contributed sales and marketing support to ASEAN customer. However, in 2020, Trade War between the United States of Americas and China, worldwide Covid-19 Spreading, these factors affected the price competition and restricted the logistic. Fortunately, due to effective production management, HFT was able to excellently distribute the products after the crisis recovery. As the result, the sales decreased slightly last year.

The sales portion for export still is at 69.24% by overall, and the company still competes with China, Indonesia, India and Sri-Lanka. These competitors have low production costs, high production capability and can be kept at a very low price to penetrate Asian market. As the competitive strategy, HFT focuses on the high quality of product and service in order to retain the existing customers and meanwhile, plans to enhance the product recognition, aiming to expand the customers market. As well as, to create the strength, satisfying the customers' needs by acquiring the significant charters and certifications including participating environmental projects and organizational-benefits projects are in progress, for instance, manufacturing the product complying with Social Accountability, environmental engagement, and social responsibility. The obtained standards become the competitive advantages for distributing the products in countries at which the standards are required, for example, Thai Industrial Standards (TIS), SIN (Indonesia), MS (Malaysia), E-MARK, REACH, and ROHs (EU 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

Demand for bicycle and motorcycle tire and tube depends upon the production of bicycle and motorcycle as well as overall economy. The main structure of the manufacturing base in Thailand is dominated by the Japanese manufacturing group.

According to the declination of the registered motorcycles in 2020, by 10.4%, HFT considers the economic overview and finally comes up with the existing customer retention as the marketing and sales strategies. To compete in the market without the long-term negative effect, avoiding competitive pricing, This strategy mainly focuses on product quality maintaining, brand image building, and price control.

▲ International Market

The international sales volumes of both motorcycle tires and tubes would have continued to increase if Covid Pandemic had not happened. In order to increase the market shares and penetrate the markets of developing countries like ASEAN, the Middle East, Africa, bicycle tires still play a major role in Europe market enhancement where energy conservation and environmental conservation are emphasized. Yearly sales have increased continuously, however, to satisfy the customer needs, HFT keeps on the new product development, especially the high-end segment consisting of high performance and fashionable products.

Risk Factors and Risk Management

Risk factors mentioned in this section are considered as the critical risk factors that may potentially influence on the business operation. Investors should consider other risk factors which also may occur for investment consideration. Important risk factors consisted as the following;

Business Operational Risk

1. 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.

2. 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 markets 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.

3. 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 acts 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.

4. 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 from the financial loan

In 2020, the company did not make a loan agreement with any financial institution.

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

Early 2020, the crude oil price was decreasing continuously and reached its lowest point over the past years, especially, at the period from the ending of the first quarter until starting of the second quarter. The majority factors were Covid-19 and the oil price war among Saudi Arabia, United States, and Russia, including the rumors, mentioned that electrical energy would be the crude oil substitutes in the future. However, at the end of the year, the oil price was increasing gradually after the U.S. presidential election and the Covid-19 vaccine trial in many countries.

For natural rubber, in 2020, the demand for medical latex gloves substantially increased. In addition, rubber plantation areas suffered from depression and flood. Thus, in 2020, the rubber price rose to 70 Baht per kilogram while the average price of 2018-2019, which is 50 Bath per kilogram.

In case of synthetic rubber, the price fluctuation was severe due to Covid-19 crisis. After the virus spreading, the demand dramatically decreased, thus the synthetic rubber manufacturers reduced the production capacity and shifted to Nitril Rubber manufacturing instead so as to recover the scarcity of medical gloves. This situation conducted the supply shortage and the rapid price increase during the third and the fourth quarters.

Carbon Black and chemical price came down continuously due to the sluggish demand, including the virus spreading. Nonetheless, at the end of the third quarter, the market demand went up and continuously until the end of 2020. The biggest Carbon Black manufacturer, China, taking the measure on environmental issues by restricting the production, finally resulted in the product shortage and price spikes to the highest price over the past years

Overall, due to the lockdown in some countries, regarding the measure for Covid -19, the import and export could not be executed regularly, creating the rapid price fall and the excessive raw material.

However, in the second half of the year, the lockdown was relieved, resulting in an increase in demand. Additionally, the manufacturers accelerated the production in order to restore the order gap since an early year, thus the raw material price rose up instantly and the container supply became inadequate. However, in early 2021, as the prediction, the price will remain high and then turn reversely downward to the normal situation around the second quarter. To manage this risk, the company keeps seeking the new raw material supply sources in order to control the production cost and prevent the material scarcity.

6. 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.

7. Risk from the Natural Disaster

In 2020, company did not have any natural disaster.

Management Risk

1. 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.

2. 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.

3. Sales policy formulation

The Company has set a sales policy and business operation are aware of the importance to Customers and Partners of company. To enhance competitiveness of the company, our sales policy focus on ensuring excellent quality product at reasonable price and deliver on time.

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

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. SUDWIN PANYAWONGKHANTI Certified Public Account Registration No. 3534
PricewaterhouseCoopers ABAS Ltd.
15th Floor Bangkok City Tower 179 74-80 S Sathorn Rd, Bangkok 10120

Information Securities and Shareholder

(1) Assets of the company

Registered capital of the company on December 31st, 2020 the company had a registered capital of Baht 658,434,300 divided into 658,434,300 shares with a par value of Baht 1 and a paid-up capital of Baht 658,434,300.

(2) Shareholders

Names of The 10 largest shareholders of the company on December 31st, 2020

Name	Number of shares (shares)	Percentage (%)
1. Hwa Fong Rubber Industries Company Limited (HFR)	332,000,000	50.423
2. THAI NVDR COMPANY LIMITED	34,998,800	5.315

3. Mr. Anan Raweesangsul	18,680,000	2.837
4. MRS.HSIN-MEI YEN HSIEH	15,018,000	2.281
5. Ravi Kasemsarn	11,500,000	1.747
6. TOA GROUP HOLDING COMPANY LIMITED (O) by SCBS	6,036,900	0.917
7. Mr. Weerathep Prapuedphong	5,770,000	0.876
8. Mrs. Piyamas Prapuedphong	5,760,000	0.875
9. MR.CHIH-CHE YEN	5,150,000	0.782
10. MRS.CHIN-LIEN YEN HUANG	5,150,000	0.782

(3) Shareholder of a subsidiary.

(3.1) Registered capital of the company on December 31st, 2019 the HFT Holding Co., Ltd. had a registered capital of Baht 100,000,000.00 (One hundred million baht) divided into 1,000,000 shares with a par value of Baht 100 and a paid-up capital of Baht 100,000,000.00 (One hundred million baht)

Name	Number of shares (shares)	Percentage (%)
1. Hwa Fong Rubber (Thailand) Public Company Limited	999,997	99.99

(3.2) Registered capital of the company on December 31st, 2019 PT. Hwa Fong Rubber (Indonesia) (Incorporated in Indonesia.) had a registered capital of 10,000,000.00 USD (One hundred million US Dollar) divided into 10,000,000 shares with a par value of 1 USD

Name	Number of shares (shares)	Percentage (%)
1. Hwa Fong Rubber (Thailand) Public Company Limited	9,900,000	99
2. HFT Holding Co., Ltd.	100,000	1

(4) Shareholder of The Company joint venture

(4.1) The Ascent (Thailand) Co., Ltd. had a registered capital of Baht 20,000,000.00 (Twenty million baht) divided into 200,000 shares with a par value of Baht 100. The Ascent (Thailand) Co., Ltd. registered for dissolution on 27th February 2018. The company received certain amount of invested fund, after liquidation of The Ascent (Thailand) Co., Ltd.

The Ascent (Thailand) Co., Ltd.	Number of shares (shares)	Percentage (%)
1. Hwa Fong Rubber (Thailand) Public Company Limited	86,000	43
2. Miss Amonrat Seaton	51,000	25.5
3. Mrd. Chalao Surahong	40,000	20
4. Other Minor shareholders	23,000	11.5

Dividend Policy

The Company's policy is to pay dividends at a rate of not less than 30 percent of the net profit after tax. And other reserves in the event that any such business expansion in the future.

- Dividend History Data

Year	2020**	2019*	2018
Earnings per share (EPS)	0.63	0.42	0.34
Dividend per share (DPS)	0.30	0.145	0.15
Dividend Payout Ratio (%)	47.87%	34.24%	44.15%

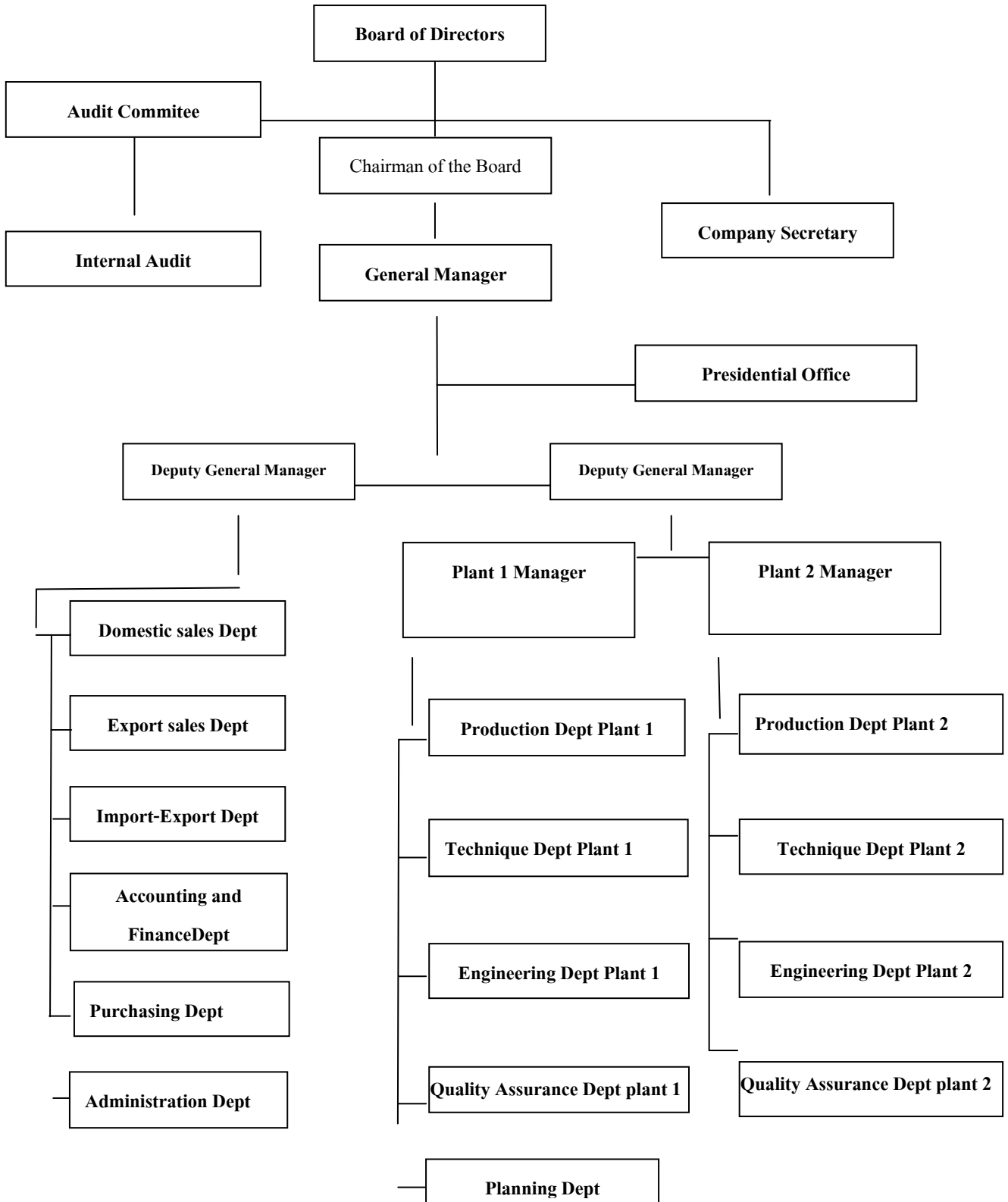
Remark : * At the Annual General Meeting of Shareholders 1/2020, authorized.

**In case obtain the approval at the Annual General Meeting of Shareholders 1/2021

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



✳ Board of Directors

Board of Directors As of 31st December 2020 Board of Directors 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. Kuo – Jung Shen Chairman and Managing Director Board authorized To bind the company, according to the affidavit. 22 June 2018	71	-Ph.D.(Business Administration) American International University -Honorary Doctorate Degree(Management) Luoyang University of Technology-The Republic of China - Taiwan	0.148	-	2018-Present	Chairman	Hwa Fong Rubber Industry Co., Ltd.
					2018-Present	Chairman	Hwa Fong Rubber
					2018-Present	Chairman	(Thailand)
					2016-Present	Advisor	PLC. HFT Holding Co., Ltd.
					2014-Present	Chairman	National Policy Office of President of The Republic of China (Taiwan)
					2010-Present	Chairman	Alliance Association of Industrial Science Park
					2007-Present	Chairman	Hota Industrial MFG. Co., Ltd.
					2010-Present	Chairman	Kao Fong Machinery Co., Ltd.
					2010-Present	Chairman	Kao Fong Machinery Co., Ltd.
					2010-Present	Chairman	Kao Fong Machinery Co., Ltd.
2.Mr. ChuangChih Yao Director, 8 June 2018 Director Board authorized To bind the company, according to the affidavit. 18 December 2018	44	-B. Sc. (Finance) Arizona State University -United States of America Diploma of “Director Accreditation Program Class 166/2019”	-	-	2018-Present	Director Managing	Hwa Fong Rubber (Thailand)
					2015-Present	Director (Owner)	PLC. Thai Bright Bar Co., Ltd.
					2010-Present	Director (Owner)	V G Steel Co., Ltd.
					2010-Present	Director	HFT Holding Co., Ltd
					2019-Present	Director	

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. Hsieh -Chien Chiu Director 22 June 2018	49	- M.S.(Statistics) , National Cheng Kung University- Taiwan	-	-	2019-Present Present Present	-Director - Vice President - Chief Executive Office - Chief Executive Office	- Hwa Fong Rubber (Thailand) PLC. - Hwa Fong Rubber Industry Co., Ltd. -Jian Sin Industrial Co., Ltd. -Jui Li Enterprise Co., Ltd.
4.Miss Ping-Yi Wu Director, 22 June 2018	30	- Bachelor of Laws Program, National Chung Hsing University -Taiwan	-	-	2019-Present Present 2016 – 2019	-Director - Director -Special Assistant Chief Executive Officer	- Hwa Fong Rubber (Thailand) PLC. - Hwa Fong Rubber Industry Co., Ltd. Jian Sin Industrial Co., Ltd.
5.Mr. Liu Hsing-Hung Director 11 May 2020	61	- Vocational Education, Hsinchu Industrial Vocational College	-	-	2019-Present 2002-Present 2002-Present 1991-Present	- Chairman of Executive Directors - Chairman of Executive Directors - Chairman of Executive Directors - Chairman of Executive Directors	- Xingli Development Co. , Ltd. - Xiang Qiyan Advertising Co. , Ltd. - Xingheli Construction Co. , Ltd. - Neo-Vision Advertisement Co., Ltd.

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	80	- EMBA, National Changhua University of Education - Voc. Cert.- Taiwan	0.118	-	2012-Present	Director	- Hwa Fong Rubber (Thailand) PLC.
						Director	-Taiwan Rubber and Elastomer Industry Association Co., Ltd.
						Director	-Taiwan Rubber Research and Testing Center
						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	76	Voc.Cert.- Taiwan	-	-	2012 -Present	Director	-Hwa Fong Rubber (Thailand) Plc.
					2011-2014	Director	-Hwa Fong Rubber Industry Co., Ltd.
					2011-Present	Chairman	-Deng Feng Investment & Development Co., Ltd.
					1987-Present	Chairman	-Xintai Hardware Water and Electricity Material Co., Ltd.
					2017-Present	Chairman	-Yilong Industrial Co., Ltd.

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	44	- Architectural Engineering department Cheng Shiu University Bachelor of Business Administration DAYEH University -The Republic of China (Taiwan)	0.7822	-	2017-Present 2007-Present 2000-2007	Director Principal Manager	-Hwa Fong Rubber (Thailand) Plc. -Sin-Jian-Hua Hydropower materials Co., Ltd. -Jian-De Plastic Hydropower materials Co., Ltd.
9. Mr. Hsio Chin-Lung Independent Director/ Chairman of The Audit Committee 6 August 2561	49	- 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	70	Accounting, Saint Louis College- United Kingdom	-	-	2018-Present 2018-Present 2015-Present 1996-Present	Independent Director/ The Audit Committee Director Overseas Coordinator Director	-Hwa Fong Rubber (Thailand) Plc. -Eagles Air & Sea (Thailand) Co., Ltd. -9999 International Co., Ltd. -Placetin International Group

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	48	-B.BA (International business), Siam University -Bachelor of Laws, Ramkhamhaeng University	-	-	2017-Present 2005-Present 2017-Present	Independent Director/ The Audit Committee Legal Advisor Legal Advisor	-Hwa Fong Rubber (Thailand) Plc. -Applied DB Plc. - Savemor International Co., Ltd.
12. Mr. Cheng-Yung Lin Director 11 May 2020	48	- Chiao Tai High School	-	-	2006-Present 2004-2006	Chairman of The Board Director	- Sheng Hua Manpower Resource Enterprise CO.,Ltd, - Sheng Hua Manpower Resource Enterprise CO.,Ltd,

✳️ **Management Team**

As of 31st December 2020 Management Team 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. Kuo – Jung Shen Managing Director and Control Authority	71	- Ph.D. (Business Administration) American International University -Honorary Doctorate Degree(Management) Luoyang University of Technology-The Republic of China - Taiwan	0.148	-	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.
					2007-Present	Chairman	-Kao Fong Machinery Co., Ltd.
					2010-Present	Chairman	-Kao Fong Machinery Co., Ltd.
2. Mr. ChuangChih Yao Deputy General Manager	44	-B. Sc. (Finance) Arizona State University -United States of America Diploma of “Director Accreditation Program Class 166/2019”	-	-	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.
					2019-Present	Director	-HFT Holding Co., Ltd
3. Mr. Chiang-Jung Tsung Deputy General Manager	58	- High Voc. Cert. in Chemical Engineering, Nanya Institute of Technology-Taiwan -MBA., National Taipei University of Technology	-	-	2010-Present	Deputy General Manager	-Hwa Fong Rubber (Thailand) PLC. -Hwa Fong Rubber (Thailand) PLC.
					2017-2018	Director	-Hwa Fong Rubber (Thailand) PLC.
					2004-2009	Plant 2 Manager	-Hwa Fong Rubber (Thailand) PLC.

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
4. Ms. Radatorn Tanaasawapol Financial and Accounting Manager	56	Bachelor Degree (Marketing) Ramkhamhaeng University	0.000076	-	2005- Present	Financial and Accounting Manager	-Hwa Fong Rubber (Thailand) PLC

***Secretary of company**

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	56	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.
					2001-2003	Administration Manager	-Hwa Fong Rubber (Thailand) Plc.
					1991-2001	Legal Department	-Hwa Fong Rubber (Thailand) Plc.

➤ The Board of Directors

As of 31 December 2020, The Board of Directors consists of ;

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

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.

➤ **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 Committees	Position
1. Mr. Hsiao Chin-Lung*	Independent Director/ Chairman of The Audit Committee
10. Mrs. Syuan Wen	Independent Director/ Audit Committee
11. Monsiam Sinworaphan	Independent Director/ Audit Committee
12. Mr. Cheng-Yung Lin**	Independent Director/ Audit Committee

Remark: * Director no.1 who has Financial and Accounting background and have the experience to verify the financial statement.

** Be appointed on 11 May 2020

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;

The scope of work and responsibilities of the Audit Committee

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 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.

➤ Management Team

Names of the management team as at December 31st, 2020

Name list	Position
1. Mr. Kuo-Jun Shen	Chairman of the Board and Managing Director
2. Mr. Chuang Chih-Yao	Deputy General Manager
3. Mr. Yong- Zhong Jiang	Deputy General Manager
4. Ms. Radatorn Tanaasawapol	Financial and Accounting Manager

The scope of work and responsibilities of the Managing Director

1. Authorized and empowered to implement the policies of the Board of Directors provided that such business operations or work assignment are conducted in accordance with governing laws as well as the rules and regulations of the company.
2. Look after and supervise the business operations of the Company to ensure that such works are carried out in accordance with the policies and instructions given by the Board of Directors.
3. Take into consideration various issues and make recommendations for changing or improving various work regulations as deemed necessary and appropriate, and submit such recommendations to the Board of Directors for consideration and approval.
4. Pertaining to the granting of consent and/or approval for engagements or transactions which would legally obligate the Company in the capacity of the "Borrower." The managing Director shall be authorized to approve loans which do not exceed 1,100,000,000.00 Baht. If in excess of 1,100,000,000.00 Baht, such arrangement shall be approved by the Company Board of Directors.
5. Engage in other tasks as assigned by the Board of Directors.

4. Recruitment and Appointment of the Directors and the Management

Selection of persons to be appointed as directors of the company does not involve the process of nominating committee whatsoever. Nevertheless, the company has laid down guidelines on the appointment of board of directors in accordance with section 68 Public Limited Company Act. and the rule and regulation of SET as follows:

- (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.

Remuneration and Benefits for Board of Directors and Management

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. The following details:

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 2020

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 2020

Name	Position	Remuneration	Premium	Remark
1. Mr. Kuo- Jung Shen	Chairman of the Board	540,000 Baht	100,000 Baht	
2. Mr. Hsih-Chien Chiu	Director	300,000 Baht	100,000 Baht	
3. Miss Ping-Yi Wu	Director	300,000 Baht	100,000 Baht	
4. Mr. Liu Hsing-Hung	Director	191,667 Baht	-	Be appointed on 11 May 2020
5. Mr. Yen Ming Shan	Director	300,000 Baht	140,000 Baht	
6. Mr. Yen Ya-Nan	Director	300,000 Baht	75,000 Baht	
7. Mr. Chih-Che Yen	Director	300,000 Baht	100,000 Baht	
8. Mr. Chuang Chih-Yao	Director	300,000 Baht	125,000 Baht	
9. Mr. Hsiao Chin -Lung	Independent Director/Audit Committee	350,000 Baht	115,000 Baht	
10. Mrs. Syuan Wen	Independent Director/Audit Committee	350,000 Baht	50,000 Baht	
11. Mr. Cheng-Yong Lin	Independent Director/Audit Committee	223,611 Baht	75,000 Baht	Be appointed on 11 May 2020
12. Mr. Monsiam Sinworaphan	Independent Director/Audit Committee	350,000 Baht	125,000 Baht	
13. Mr. Phornthep Suratroongrodkul	Independent Director/Audit Committee	58,333 Baht	25,000 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).

Director's remuneration 12 persons of 3 Positions and Management 4 persons as at 31st Dec, 2020, comparing 2019 and 2018 as follows :

Type of remuneration	Director's remuneration 12 persons (Baht)			Management remuneration (Baht)		
	2020	2019	2018	2020 (4 persons)	2019 (4 persons)	2018 (4 persons)
Salary		-	-	5,146,436	4,958,666	6,899,515
Annual remuneration	3,971,944	4,040,000	4,026,278		-	-
Bonus		-	-	2,213,054	2,213,084	1,524,810
Premium	980,000	1,355,000	2,200,000		-	-
Total	4,951,944	5,390,000	6,226,278	7,359,490	7,171,750	8,424,325

Corporate Governance:

The Board of Directors in the registered company has given precedence to and has abode by The Code of Best Practice. Therefore, The Board of Directors has outlined the company's management and controls in accordance with directions prescribed by the Stock Exchange of Thailand which may be summarized as follows:

The Policy of Corporate Governance

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.

Responsibility of the Board of Directors

Board of Director's 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 2020 as follows ;

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

Mr. Cheng-Yung Lin

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 Committee has scheduled meetings for an entire year and will meet every 3 months. Unplanned meeting can conduct as necessary. Chairman or a director will specify meeting agenda in advance. The meeting invitation, meeting agendas, and other attachments will be sent to the directors 7 days in advance, in order for directors' preparations.

Board of Director's Meeting

In 2020, the Board of Directors' meeting was commenced 5 times and the Audit Committee's meeting was commenced 4 times. Attendance record as of 31st December 2020 are as follow:

Name	Position	Number of attendance/ Number of meetings		Remark
		Board of Director	Board of Audit committee	
1. Mr. Kuo- Jung Shen	Chairman of the Board and Managing Directors	4/5	-	
2. Mr. Hsih-Chien Chiu	Director	4/5	-	
3. Ms. Pin-Yi Wu	Director	4/5	-	
4. Mr. Liu Hsing-Hung	Director	-	-	Be appointed on 11 May 2020
5. Mr. Yen Min Shan	Director	5/5	-	
6. Mr. Yen Ya-Nan	Director	3/5	-	
7. Mr. Chih-Che Yen	Director	4/5	-	
8. Chuang Chih-Yao	Director	5/5	-	
9. Hsiao Chin-Lung	Independent Director/Audit Committee	4/5	4/4	
10. Mrs. Syuan Wen	Independent Director/Audit Committee	2/5	3/4	
11. Cheng-Yung Lin	Independent Director/Audit Committee	3/5	0/4	Be appointed on 11 May 2020
12. Monsiam Sinworaphan	Independent Director/Audit Committee	5/5	4/4	

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 2020, 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 business-relevant seminars at the Institute of Directors so as to improve the operational skill and enhance its capacity as well as business vision.

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.

Auditor and Auditing Fee

In 2020, the shareholder meeting, PricewaterhouseCoopers ABAS Ltd. has been authorized and has been granted the remuneration as ;

- (1) Audit fee 2,720,000 Baht
- (2) Non-audit fee 580,000 Baht

Practice as Good principles Governance in others issue

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.

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 down load 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.

Related Party Rights

All related parties, including but not limited to customer, business partners, credits, employees and competitors will be treated fairly. For example, the company will procure the product specified by the customer. The customer will be looked after both for the quality of product and after sale services. Confidentiality of the customer will always be honored while competitors will be treated fairly under normal competitive terms in the open market and without any illegal practices.

1. Shareholders and Investors

The company determines to operate its business to ensure the satisfactory outcome and best interests of shareholders and investors. The company also has policy to recognize the equality of the shareholders' rights in regard to the information in transparent and accountable manner.

2. Employees

The company realizes the importance of the employees and fairly treats them with respect of the welfare and compensation, good environment and work safety including their health as set out below.

● *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 fund for employees.
- Provide Funeral welfare benefit and wedding welfare benefit
- Provide annual health check-up.
- Provide uniform.
- Offer the annual birthday souvenir by monthly.
- Organize Annual festive activities and rewarding for employee encouragement
- 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 in Taiwan and Japan for development the product standard. And keep customer's confidential with our product.
- 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.
- Arrange the training for developing all level leaders in order to improve the competency of the employee such as Data Analysis, Internal Quality Audit (IQA) and production control-planning. In the year 2020, company has organized training to increase potential for work of all levels of employees by inviting the external experts for lectures, with topics as below:
 1. Safety Training for Management Level.
 2. Safety Training for Head of Staff Level.
 3. IAT 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.

Disclosure of Information and Transparency

The company realizes the important of accurate and timely disclosure, including disclosure of financial information and other information which may affect the company's share price. Such disclosures will be done through direct communication to shareholders and through Stock Exchange of Thailand, the Form 56-1 and Annual Report including other incumbent reports required to submit to the Securities Exchange and Commission (SEC) and disclosure at www.duro.co.th

The Company has also established formal investor relations function deputized for any communication to disseminate the company news and activities for shareholders, investors, analysts and citizens. Further information regarding the company can be obtained by contacting the company via E-mail: hwafong@duro.co.th or tel. 0-2709-6580 ext. 118 (Mr.Athisit Worachote) and ext. 150 (Ms. Nitchakarn Sukanwarakul). The company had disclosed the information with transparency as following:

1. Sent the financial statement to the Stock Exchange Committee and Stock Exchange of Thailand in the due time and the accounting auditor have not against in opinion.
2. Disclosed the information in the company annual report and website completely such as the Balance Sheet, Meeting Minutes and the Annual Report format and etc.
3. Disclosed the details of related company transaction and also the benefit of director and top management.
4. Disclosed the remuneration rate of director and top management clearly.

Corporate Social Responsibilities : CSR)

➤ 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.

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 2020, 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 Stakeholders

Activities and Participation in 2020

According to COVID-19. The company donated the medical latex gloves to various hospitals as shown in below list;

1. Srisangwan Hospital

Address : 101 Sinhanartbamrung Rd., Tambon Jonkam, Mueang Mae Hong Son District, Mae Hong Son 58000

2. King Prajadhipok Memorial Hospital (Prapokkiao Hospital)

Address : 38 Leab Noen Rd, Tambon Wat Mai, Mueang Chanthaburi District, Chanthaburi 22000

3. Pattani Hospital

Address : 2 Nongjik Rd., Sabarang, Mueang Pattani District, Pattani 94000

4. Rattarin Hospital

Address : 999/23-29 Sukumvit Rd. Bang Pu Mai, Mueang Samut Prakan District, Samut Prakan 10280

5. Muang Samut Paknam Hospital

Address : 959/164 Soi 11 , Sukumvit Rd., Tambon Tai Ban Mai, Mueang Samut Prakan District, Samut Prakan 10280



➤ Fair Business Conduct

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 for responsibility practices and the requirement to the appropriate action.

By paying attention to all of stakeholder, whether they are customers, competitors 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. Customers

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 water splitting 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. 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.

2. Energy Saving Activities

2.1 Training and building conscience about saving energy for employee by saving energy expert.

2.2 Attended the seminar hosted by Excellence Center of Eco-Energy, Chemical Engineering Dept., Thammasat University; named The Greenhouse Gas Reduction in Enterprises by setting the Science-based Target: SBT, aiming to promote the enterprise reduce the Greenhouse gas emission.

2.3 Applied The Project of Greenhouse Gas Reduction in Enterprises by setting the Science-based Target. Aim to reduce Greenhouse gas emission in business terms, including planning the operation conforming to the world target, controlling the emission not to be exceeded 1.5 or 2 degree Celsius.



Internal control and risk management

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 2020, 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.

Risk Management

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.

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.

Connected Transaction

In 2020 company committed connected transactions with related companies as the following details:

Person or Company	Relationship	Description	Value of Connected Transaction in 2020 (MB)	Pricing Policy	Appropriateness
1. Hwa Fong Rubber Industries Co., Ltd. (HFR)	Major shareholder which is holding as 50.42%	- Product Sale	11.05 (373,801 units)	- 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	3.00	Cost plus margin	
		- Raw material purchase	13.92	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	2.27	Cost plus margin (Machinery purchase for production)	For complying the same production technology with normal business conditions
		- Spare parts, materials and other expenses	7.23	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	19.27	200,000 USD/Year Technical assistance fee was revised to be 1% of total sales of product receiving the assistance since 1 June 2021	Price based on agreement

Connected Transaction (Continued)

Person or Company	Relationship	Description	Value of Connected Transaction in 2020 (MB)	Pricing Policy	Appropriateness
1. Hwa Fong Rubber Industries Co., Ltd. (HFR) (continued)	Major shareholder which is holding as 50.42%	- Trademark fee	17.21	0.5 % of total amount of sold products The price on the agreement was revised as 2% of total sold products since 1 June 2021	Price based on agreement
		- Trade Account receivables	3.86	Credit 60 days	
		- Account Payable	2.20	Credit 60 days	
		- Other trade creditors	28.64	Credit 60 days and accordance with trade agreement	
2. Hwa Fong Rubber (USA) Co.,Ltd. (HFA)	Affiliated Company (sharing parent company)	- Product sale	56.66 (105,533 units)	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	13.02	Credit 90 days	
		- Other trade creditors	-	Credit 90 days	

Connected Transaction (Continued)

Person or Company	Relationship	Description	Value of Connected Transaction in 2020 (MB)	Pricing Policy	Appropriateness
3. Hwa Fong Rubber (Hong Kong) Co.,Ltd. (HFK)	Affiliated Company (sharing parent company)	- Product sale	0.14 (200 units)	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	0.07	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	6.30	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	-	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	-	Credit 30 days	

Connected Transaction (Continued)

Person or Company	Relationship	Description	Value of Connected Transaction in 2020 (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	74.69 (281,985 units)	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	4.42	Credit 30 days	
		- Trademark fee	1.65	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	0.95	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	0.41	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	0.03	Credit 30 days	
		- Other trade creditors	0.03	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 0.53%, Hwa Fong Rubber Co. Ltd (USA) for 2.21%, Hwa Fong Rubber (Hongkong) Co. Ltd (HFK) for 0.01%, and Sumitomo Rubber Industries for 2.81% 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 2020, 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 act (No.4) enacted in 2008 which stipulates and regulates the execution of interrelated transactions between the Company and other affiliated companies within the Group and the transactions with the directors, executives and related persons must be approved by the Board of Directors or the approval in principle from the Board of Directors prior to undertaking the transaction.

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.

Financial Highlight

For the Fiscal year ended December 31	Consolidated			Separate		
	2020	2019	2018	2020	2019	2018
Stock Data						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value (Baht)	4.94	4.48	4.26	5.06	4.58	4.33
Earning per share (Baht)	0.63	0.42	0.34	0.63	0.43	0.33
Operating (Million Baht)						
Sales revenue	2,664.83	2,736.69	2,555.48	2,652.85	2,725.09	2,538.98
Total income	2,674.38	2,748.94	2,582.73	2,662.15	2,737.39	2,560.98
Net profit	412.62	278.84	223.71	412.21	282.49	219.08
Balance Sheet (Million Baht)						
Current assets	2,043.02	1,998.67	1,567.11	1,952.53	1,908.53	1,469.97
Total assets	3,862.98	3,653.53	3,340.74	3,942.46	3,722.74	3,382.93
Current liabilities	541.32	641.05	354.61	540.21	641.02	353.68
Total liabilities	610.10	706.04	533.21	608.99	706.01	532.28
Paid-up capital						
Shareholders' equity	3,252.88	2,947.49	2,807.53	3,333.47	3,016.72	2,850.65
Financial Ratio						
Returns on shareholders' equity (%)	13.31%	9.72%	8.08%	12.98%	9.63%	7.81%
Returns on fixed assets (%) *	35.02%	28.37%	26.05%	34.99%	28.65%	28.62%
Returns on assets (%)	10.98%	7.99%	6.88%	10.76%	7.95%	6.67%
Gross profit (%)	23.31%	18.09%	19.76%	23.37%	18.13%	19.84%
Current assets ratio to items of current (times)	3.77	3.12	4.42	3.61	2.98	4.16
Quick ratio (times)	2.74	2.19	2.86	2.59	2.06	2.59
Debt ratio to shareholders' equity (times)	0.19	0.24	0.19	0.18	0.23	0.19

* Reclassified and corrected the errors in 2019 financial statements

Financial Status

Asset

In 2020, HFT assets rest at 3,862.98 MB, increased from 2019 as 209.45 MB. The increase came from; the increase of machinery for installation, the additional building which is under construction in the 1st plant. These increments are for the increase of compound mixing capacity and production. The company's significant assets consist of cash and cash equivalents 24.50 %, accounts receivables and other receivables 14.08%, Inventory 13.84%, and fixed assets 39.85% comparing to total assets.

Liquidity

The current ratio in the year 2020 increased from 3.12 times to 3.77 times and the quick ratio increased from 2.19 times to 2.74 times due to financial institute loan payment by 141 MB

Source of Funds

In 2020, the debt to equity ratio is at a conservative level with a ratio of 0.19 times. This ratio decreased from 0.24 times in 2019. With these figures, we can see that company financial structure is strong and allow to a certain level of financial obligations in the future.

Management Discussion and Analysis: MD&A

Overall Performance

Overall performance of the company and its subsidiaries according to Financial Statement yearly 2020, 31 December 2020 is summarized as follows ;

➤ Main Revenue

The Main Revenue yearly 2020 of the company and its subsidiaries are 2,664.83 MB which consists of revenue from export sales 1,845.12 MB, domestic sales 819.71 MB. Total revenue decreases from 2019 by 71.85 MB considered as 2.63% since the falling sales of motorcycles, considerably as 41.88 MB, and small-sized transport vehicles, considerably as 28.51 MB respectively. A decline in revenue occurs in the second quarter due to Covid-19 Pandemic, resulting in the contraction of business transactions, restricted transportation, constrained logistics, and lower purchasing power of customers.

➤ Other revenues

Other revenues of the company and its subsidiaries consist of miscellaneous income, received interest, and profit from the disposal of assets, they are amount to 9.55 MB. Significant income earns from the interest, considered as 5.66 MB. Other income decreased 2.71 MB when compare with year 2019. However, this part of the revenue is not significant and effect to overall performance of only 0.36% of total revenue in 2020.

➤ **Cost of Sales and Selling and administrative expenses**

For the cost of the company and subsidiary in 2020 and 2019, the cost of sales amounted to 2,043.59 MB and 2,241.55 MB respectively, which has been decreased 197.96 MB or 8.83%. The cost of selling has been decreased due to efficient purchasing management and production cost control.

the company still concentrates on several methods for reduce production cost such as establishment of Saving Energy Committee to control energy usage properly for the most benefit and in needed conditions only, and setting production policy, for example, reducing indirect production process, and to develop new compound for both tube and tire in purpose of better quality.

In relation to administrative expenses, it was 153.03 MB which increased 2.71MB from 150.33MB in 2019. It was the result of the revision of the Trademark Agreement in June 2020, aiming to enhance the market potential.

For the overall of last year, the economy, influenced by Trade War between the United States of America and The Republic of China, including COVID -19 Pandemic, The Falls of Agriculture Prices and Political Instability, affected the entire production industry both domestic and exports. However, the company still could maintain the customer base and earned the sales more than usual in the third and the fourth quarters. Consequently, the total sales slightly decreased compared to the 2019 result. For production cost, it was reduced by the company performed efficient purchasing management and production cost control. As the result, the company could obtain a net profit of 412.62 MB, increasing from 2019 by 133.78 MB or 48% and having earnings per share of 0.63 Baht.

➤ **Measure towards 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.

➤ Commercial credit

The Commercial Credit Policy, imposed 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 this policy. In addition, the product delivery will be restrained in case of late payment by customers.

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.

In the second half of 2020, the company extended the credit terms from 30 days to 60 days for some customers receiving the negative impact from COVID-19. However, at the end of 2020, the company has an average collection period of 72.98 days which conforms to the company's Commercial Credit Policy.

Independent Auditor's Report

To the shareholders and 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 2020, 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 2020;
- 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>Valuation of trade accounts receivable</p> <p>Refer to Note 6.4 'Accounting policies - Trade accounts receivable' and Note 12 'Trade and other receivables (net)' to the consolidated and separate financial statements.</p> <p>As at 31 December 2020, the Group has trade accounts receivable of Baht 709.50 million and loss allowance of Baht 170.96 million. The trade accounts receivable (net) of Baht 538.54 million is 13.94% 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>Valuation of inventories</p> <p>Refer to Note 6.5 'Accounting policies - Inventories' and Note 14 'Inventories (net)' to the consolidated and separate financial statements.</p> <p>As at 31 December 2020, the Group has inventories of Baht 548.29 million and an allowance for obsolete and defective inventories of Baht 13.47 million. The inventories (net) of Baht 534.82 million are 13.84% of the Group's total assets.</p> <p>Assessing the allowance for obsolete and defective inventories 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 economy's present and future, the aging of inventories and other factors such as kinds and types that cause slow-moving inventories to deteriorate and become obsolete, 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 is 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 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 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. - Assessing whether any obsolete and defective inventories were omitted from the detailed analysis 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 were appropriate.</p>

Emphasis of matter

I draw attention to note 6 of the consolidated and separate financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My opinion is not modified in respect to this matter.

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 Bhumisurakul

Certified Public Accountant Registration No. 3873

Bangkok

27 February 2021

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
ASSETS					
Current assets					
Cash and cash equivalents	11	946,511,930	717,071,288	863,994,670	633,246,765
Short-term investments	5	-	170,000,000	-	170,000,000
Trade and other receivables (net)	12	543,899,103	524,112,676	542,704,338	523,658,129
Inventories (net)	14	534,824,158	567,799,003	530,713,100	563,990,196
Other current assets (net)	15	17,785,095	19,687,687	15,118,123	17,630,984
Total current assets		2,043,020,286	1,998,670,654	1,952,530,231	1,908,526,074
Non-current assets					
Financial asset measured at fair value					
through other comprehensive income	5, 8, 13	25,088,980	-	-	-
Other long-term investments (net)	5, 13	-	31,932,198	-	-
Investment in subsidiaries (net)	16	-	-	412,255,214	412,255,214
Investment in an associate	17	1,184,963	1,184,739	1,161,000	1,161,000
Investment property	8, 18	217,018,408	220,787,694	-	-
Property, plant and equipment (net)	19	1,538,084,852	1,363,138,733	1,538,084,852	1,363,138,733
Intangible assets (net)	20	1,253,989	1,230,777	1,235,680	1,206,968
Deferred tax assets (net)	21	36,156,800	35,396,413	36,156,800	35,396,413
Other non-current assets		1,169,281	1,188,607	1,035,305	1,052,305
Total non-current assets		1,819,957,273	1,654,859,161	1,989,928,851	1,814,210,633
Total assets		3,862,977,559	3,653,529,815	3,942,459,082	3,722,736,707

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	23	477,271,911	451,965,713	476,164,493	451,939,138
Current portion of long-term loans from financial institutions	22	5,754,018	146,702,300	5,754,018	146,702,300
Current portion of finance lease liabilities	22	368,872	345,889	368,872	345,889
Accrued income tax		55,075,917	37,974,010	55,075,917	37,974,010
Other current liabilities		2,845,397	4,057,754	2,844,321	4,056,885
Total current liabilities		541,316,115	641,045,666	540,207,621	641,018,222
Non-current liabilities					
Finance lease liabilities	22	776,902	1,145,773	776,902	1,145,773
Employee benefit obligations	24	68,009,290	63,847,772	68,009,290	63,847,772
Total non-current liabilities		68,786,192	64,993,545	68,786,192	64,993,545
Total liabilities		610,102,307	706,039,211	608,993,813	706,011,767

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Financial Position
As at 31 December 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		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		2,400,031,168	2,082,883,063	2,398,854,204	2,082,113,875
Other components of equity		(100,968,550)	(89,205,093)	(19,201,569)	(19,201,569)
Equity attributable to owners					
of the parent		3,252,875,252	2,947,490,604	3,333,465,269	3,016,724,940
Non-controlling interests		-	-	-	-
Total equity		<u>3,252,875,252</u>	<u>2,947,490,604</u>	<u>3,333,465,269</u>	<u>3,016,724,940</u>
Total liabilities and equity		<u>3,862,977,559</u>	<u>3,653,529,815</u>	<u>3,942,459,082</u>	<u>3,722,736,707</u>

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2020

	Note s	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
Revenue from sales of goods and services		2,664,831,664	2,736,686,799	2,652,848,846	2,725,093,564
Cost of goods sold and services		<u>(2,043,587,596)</u>	<u>(2,241,557,146)</u>	<u>(2,032,791,681)</u>	<u>(2,231,079,111)</u>
Gross profit		621,244,068	495,129,653	620,057,165	494,014,453
Other income	28	<u>9,545,321</u>	<u>12,252,111</u>	<u>9,299,195</u>	<u>12,300,340</u>
Profit before expenses		630,789,389	507,381,764	629,356,360	506,314,793
Selling expenses		(104,127,795)	(98,043,817)	(104,066,169)	(97,962,961)
Administrative expenses		(48,907,675)	(52,283,841)	(47,058,072)	(50,157,939)
Gain (loss) on foreign exchange rate (net)		19,854,263	(13,289,554)	18,968,511	(10,769,272)
Finance costs		(2,506,062)	(5,094,614)	(2,506,062)	(5,094,614)
Share of loss from investment in an associate	17	<u>224</u>	<u>2,423</u>	<u>-</u>	<u>-</u>
Total expenses		<u>(135,687,045)</u>	<u>(168,709,403)</u>	<u>(134,661,792)</u>	<u>(163,984,786)</u>
Profit before income tax expenses		495,102,344	338,672,361	494,694,568	342,330,007
Income tax expenses	30	<u>(82,481,265)</u>	<u>(59,835,726)</u>	<u>(82,481,265)</u>	<u>(59,835,726)</u>
Net profit for the year		<u>412,621,079</u>	<u>278,836,635</u>	<u>412,213,303</u>	<u>282,494,281</u>

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
Other comprehensive income (loss), net of tax:					
Items that will be reclassified subsequently to profit or loss					
Gain on remeasurement on investments in available for sale		-	5,318,097	-	-
Currency translation differences		(4,920,239)	(10,132,065)	-	-
Total items that will be reclassified subsequently to profit or loss		(4,920,239)	(4,813,968)	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment benefit obligations	24	-	(22,071,275)	-	(22,071,275)
Income tax on remeasurements of post-employment benefit obligations		-	4,414,255	-	4,414,255
Change in value of financial asset measured at fair value through other comprehensive income	13	(6,843,218)	-	-	-
Total items that will not be reclassified subsequently to profit or loss		(6,843,218)	(17,657,020)	-	(17,657,020)
Other comprehensive income (loss), net of tax		(11,763,457)	(22,470,988)	-	(17,657,020)
Total comprehensive income for the year		<u>400,857,622</u>	<u>256,365,647</u>	<u>412,213,303</u>	<u>264,837,261</u>

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Profit attributable to:					
Equity holders of the owner's parent		412,621,079	278,836,635	412,213,303	282,494,281
Non-controlling interests		-	-	-	-
		<u>412,621,079</u>	<u>278,836,635</u>	<u>412,213,303</u>	<u>282,494,281</u>
Total comprehensive income attributable to:					
Equity holders of the owner's parent		400,857,622	256,365,647	412,213,303	264,837,261
Non-controlling interests		-	-	-	-
		<u>400,857,622</u>	<u>256,365,647</u>	<u>412,213,303</u>	<u>264,837,261</u>
Earnings per share for profit attributable to the equity holders of the owners' parent					
Basic earnings per share	31	<u>0.63</u>	<u>0.42</u>	<u>0.63</u>	<u>0.43</u>

Hwa Fong Rubber (Thailand) Public Company Limited
 Statements of Changes in Equity
 For the year ended 31 December 2020

Consolidated financial statements (Baht)

	Attributable to owners of the parent												Total equity
	Retained earnings					Other components of equity							
						Other comprehensive income (loss)		Measurement			Total owners of the parent	Non-controlling interests	
	Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Appropriated - legal reserve	Unappropriated	Translation differences	Remeasurements of post-employment benefit obligations	Gain(loss) on remeasurement on investments	of financial asset at fair value through other comprehensive income	Total other components of equity			
Notes													
Opening balance as at 1 January 2019	658,434,300	222,105,000	7,429,904	65,843,430	1,902,811,573	(33,041,859)	(1,544,549)	(14,506,242)		(49,092,650)	2,807,531,557	-	2,807,531,557
- As previously reported													
Effect from correction of accounting error	-	-	-	-	-	(17,641,455)	-	-	-	(17,641,455)	(17,641,455)	-	(17,641,455)
Opening balance as at 1 January 2019													
- After adjustment	658,434,300	222,105,000	7,429,904	65,843,430	1,902,811,573	(50,683,314)	(1,544,549)	(14,506,242)	-	(66,734,105)	2,789,890,102	-	2,789,890,102
Changes in equity for the year ended													
31 December 2019													
Dividend paid	32	-	-	-	(98,765,145)	-	-	-	-	-	(98,765,145)	-	(98,765,145)
Net profit for the year					278,836,635	-	-	-	-	-	278,836,635	-	278,836,635
Other comprehensive income (loss)													
for the year						(10,132,065)	(17,657,020)	5,318,097	-	(22,470,988)	(22,470,988)	-	(22,470,988)
Closing balance as at 31 December 2019	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	-	2,947,490,604

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2020

Consolidated financial statements (Baht)

Attributable to owners of the parent																
	Notes	Retained earnings					Other components of equity						Total equity			
		Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Appropriated		Other comprehensive income (loss)									
							- legal reserve	Unappropriated	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		Total other components of equity	Total owners of the parent	Non-controlling interests
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	-	2,947,490,604		
- As previously reported																
Effect from changes in accounting policy	5	-	-	-	-	-	-	-	9,188,145	(9,188,145)	-	-	-	-		
Opening balance as at 1 January 2020																
- After adjustment		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	-	2,947,490,604		
Changes in equity for the year ended																
31 December 2020																
Dividend paid	32	-	-	-	-	(95,472,974)	-	-	-	-	-	(95,472,974)	-	(95,472,974)		
Net profit for the year		-	-	-	-	412,621,079	-	-	-	-	-	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)	-	(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	-	3,252,875,252		

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2020

Separate financial statements (Baht)

	Note	Other component of equity							Total equity
		Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Retained earnings		Other comprehensive income (loss)		
					Appropriated - legal reserve	Unappropriated	Remeasurements of post-employment benefit obligations	Total other component of equity	
Opening balance as at 1 January 2019		658,434,300	222,105,000	7,429,904	65,843,430	1,898,384,739	(1,544,549)	(1,544,549)	2,850,652,824
Changes in equity for the year ended									
31 December 2019									
Dividend paid	32	-	-	-	-	(98,765,145)	-	-	(98,765,145)
Net profit for the year		-	-	-	-	282,494,281	-	-	282,494,281
Other comprehensive income (loss) for the year		-	-	-	-	-	(17,657,020)	(17,657,020)	(17,657,020)
Closing balance as at 31 December 2019		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
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

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cash flows from operating activities					
Profit before income tax expenses		495,102,344	338,672,361	494,694,568	342,330,007
Adjustments for:					
Depreciation and amortisation		95,786,044	95,065,275	95,780,544	95,059,776
Reversal of loss allowance	12,15	(321,481)	(618,452)	(321,481)	(618,452)
Allowance for actual cost of inventories in excess of net realisable value (reversal)	14	(65,857)	492,507	(65,857)	492,507
Allowance for obsolete and defective inventories	14	4,060,672	2,847,915	4,269,646	2,580,806
Gain on disposals of property, plant and equipment	28	(275,906)	(2,083,019)	(275,906)	(2,083,019)
Share of profit from investments in an associate	17	(224)	(2,423)	-	-
Unrealised loss on foreign exchange rate		2,353,036	1,029,234	2,279,365	563,779
Employee benefit obligations	24	5,881,409	13,915,001	5,881,409	13,915,001
Interest income	28	(5,662,641)	(6,365,327)	(5,574,037)	(6,198,359)
Dividend income	28	(383,191)	-	-	-
Finance costs		2,506,062	5,094,614	2,506,062	5,094,614

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Changes in working capital					
Trade and other receivables		(22,738,153)	10,110,451	(22,681,617)	14,087,391
Inventories		28,980,030	(61,907,005)	29,073,307	(58,406,011)
Other current assets		1,795,406	(3,037,504)	2,405,675	(2,117,438)
Other non-current assets		-	(814,305)	-	(814,305)
Trade and other payables		36,015,590	112,229,111	35,605,226	110,630,173
Other current liabilities		(1,212,356)	1,125,186	(1,212,564)	1,266,819
Employee benefit paid	24	(1,719,891)	(3,924,957)	(1,719,891)	(3,924,957)
Cash generated from operations		640,100,893	501,828,663	640,644,449	511,858,332
Interest paid		(2,930,390)	(4,950,545)	(2,930,390)	(4,950,545)
Income tax paid		(66,139,745)	(51,790,365)	(66,139,745)	(51,688,029)
Net cash generated from operating activities		571,030,758	445,087,753	571,574,314	455,219,758

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Decrease (increase) in short-term investments		170,000,000	(105,000,000)	170,000,000	(105,000,000)
Decrease in restricted deposits		-	175,000,000	-	175,000,000
Purchase of property, plant and equipment		(278,579,249)	(170,343,542)	(278,579,249)	(170,343,542)
Purchase of intangible assets		(440,000)	-	(440,000)	-
Proceeds from disposal of property, plant and equipment	19	676,799	2,429,934	676,799	2,429,934
Interest received		5,632,321	6,521,521	5,543,718	6,354,555
Dividend received	28	383,191	-	-	-
Net cash used in investing activities		<u>(102,326,938)</u>	<u>(91,392,087)</u>	<u>(102,798,732)</u>	<u>(91,559,053)</u>
Cash flows from financing activities					
Dividend paid to shareholders		(95,418,271)	(98,701,095)	(95,418,271)	(98,701,095)
Cash payment to long-term loan from financial institution		(141,000,000)	-	(141,000,000)	-
Decrease in finance lease liabilities		<u>(345,888)</u>	<u>(324,338)</u>	<u>(345,888)</u>	<u>(324,338)</u>
Net cash used in financing activities		<u>(236,764,159)</u>	<u>(99,025,433)</u>	<u>(236,764,159)</u>	<u>(99,025,433)</u>
Net increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		231,939,661	254,670,233	232,011,423	264,635,272
Exchange losses on cash and cash equivalents		<u>(2,499,019)</u>	<u>(3,330,055)</u>	<u>(1,263,518)</u>	<u>(64,455)</u>
Cash and cash equivalents at the ending of the period		<u><u>946,511,930</u></u>	<u><u>717,071,288</u></u>	<u><u>863,994,670</u></u>	<u><u>633,246,765</u></u>

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2020

Notes	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Non-cash transactions:				
During the years ended 31 December 2020 and 2019, the following significant non-cash transactions occurred:				
Transfer restricted deposits to short-term investment	-	25,000,000	-	25,000,000
Property, plant and equipment purchased during the year are detailed as follows:				
Increase in plant and equipment	270,699,268	188,504,761	270,699,268	188,504,761
Change in payables on plant and equipment	7,879,981	(18,161,219)	7,879,981	(18,161,219)
Net purchase of property, plant and equipment paid by cash	<u>278,579,249</u>	<u>170,343,542</u>	<u>278,579,249</u>	<u>170,343,542</u>

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 bicycle, motorcycles and small logistics vehicles.

This consolidated and separate financial statement were authorised for issue by the Company’s authorised director on 25 February 2021.

2 Significant events during the current year

Coronavirus Disease 2019 outbreak

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has adverse effects on operating results for the year ended 31 December 2020.

Due to the COVID-19 outbreak situation, transportation and travel restrictions have been made in both domestic and export sales. As a result, some customers have to delay ordering and shipping. This resulted in a 2.63% decrease in the group’s revenues. Group management has monitored and put great emphasis on dealing with the COVID-19 outbreak and planning to deal with the incident effectively. The Group has adjusted the production quantity, the number of employees, and the cost control to suit each situation in the period. There is also internal management to control the spread of disease. The management of the Group has continued and closely monitored the situation to prepare for any changes in the situation.

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 following accounting policies.

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 9.

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 2020 and have significant impacts to the Group

a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

4 New and amended financial reporting standards (Cont'd)**b) TFRS 16, Leases**

Where the Group is a lessee, TFRS 16, *Leases* will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

c) Amendment to TAS 12, Income tax clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

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

d) Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

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

e) TFRIC 23, Uncertainty over income tax treatments explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

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 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and have significant impacts to the Group

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

a) **Revised Conceptual Framework for Financial Reporting** added the following key principles 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.

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

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.

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

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 is currently assessing the impacts from these standards.

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

4.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and have significant impacts to the Group

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

- a) **Amendment to TFRS 16, Leases** amended to include a practical expedient for leases that are modified as a direct consequence of IBOR reform (e.g. replacement of THBFIX as a benchmark interest rate due to the cancellation of LIBOR) for lessee to remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate. An early application of the amendment is permitted.

The Group and the Company has chosen not to early apply the exemption for the current reporting period.

5 Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the adoption of TAS 32 *Financial Instruments: Presentation*, TFRS 7 *Financial Instruments: Disclosure*, TFRS 9 *Financial Instruments* and TFRS 16 *Leases* on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 6.6 and 6.11

The Group and the Company have adopted those accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

On 1 January 2020 (the date of initial application), the Group's management assessed that the TFRS 16 *Leases* do not have a significant impact on the Group.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

The impact of first-time adoption of new financial reporting standards, TFRS 9 *Financial Instruments*, on the consolidated and separate statements of financial position are as follows:

Statements of Financial Position	Note	Consolidated financial statements		
		31 December	TFRS 9 and	1 January
		2019	TAS 32	2020
		Thousand	Thousand	Thousand
		Baht	Baht	Baht
Current assets				
Short-term investments	a	170,000	(170,000)	-
Financial assets measured at amortised cost	a	-	170,000	170,000
Non-current assets				
Financial asset measured at fair value through other comprehensive income	a	-	31,932	31,932
Other long-term investment - available-for-sale	a	31,932	(31,932)	-
Total assets affected		201,932	-	201,932
Other components of equity				
- Gain(loss) on remeasurement on investments		(9,188)	9,188	-
- Measurement of equity investment at fair value through other comprehensive income		-	(9,188)	(9,188)
Total equity affected		(9,188)	-	(9,188)
Separate financial statements				
	Note	31 December	TFRS 9 and	1 January
		2019	TAS 32	2020
		Thousand	Thousand	Thousand
		Baht	Baht	Baht
Current assets				
Short-term investments	a	170,000	(170,000)	-
Financial assets measured at amortised cost	a	-	170,000	170,000
Total assets affected		170,000	-	170,000

Note:

- a) Impacts from changes in classification and measurement of financial assets (Note 5.1)

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

5.1 Financial instruments

On 1 January 2020 (the date of initial application), the management has assessed which business models apply to the financial assets and financial liabilities and has classified its financial instruments into the appropriate TFRS 9 categories as follows:

Consolidated financial statements				
Measurement of financial asset at fair value through				
other comprehensive income				
Held-to-maturity				
Amortised cost				
Notes	Available-for-sale investment Baht Thousand	other comprehensive income Baht Thousand	Held-to-maturity Baht Thousand	Amortised cost Baht Thousand
Financial assets				
Balance as at 31 December 2019				
	(Previously reported)	31,932	-	170,000
Reclassify investment from				
	held-to-maturity to amortised cost	a, c	-	-
	Reclassify equity investment from available-for-sale to FVOCI	b, c	(31,932)	31,932
Opening balance 1 January 2020 - TFRS 9 adoption				
		-	31,932	-
170,000				
Separate financial statements				
Held-to-maturity				
Amortised cost				
Notes	Baht Thousand		Baht Thousand	
Financial assets				
Balance as at 31 December 2019 (Previously reported)				
			170,000	
Reclassify investments from				
	held-to-maturity to amortised cost	a, c	(170,000)	170,000
Opening balance 1 January 2020 - TFRS 9 adoption				
				170,000

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)**(a) Reclassification from held-to-maturity to amortised cost**

Fixed deposit accounts with term of longer than 3 months and bill of exchange that would have previously been classified as held-to maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the financial assets at 1 January 2020 to be recognised in opening retained earnings.

(b) Available-for-sale equity investment classified as FVOCI

As of 1 January 2020, the Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments. As a result, the Group's assets with a fair value of Baht 31,932,198 was reclassified from available-for-sale financial asset to financial asset at FVOCI and there is no fair value difference.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)
5.1 Financial instruments (Cont'd)
(c) Reclassifications of financial instruments on adoption of TFRS 9

On 1 January 2020 (the date of initial application), the measurement categories and carrying amounts of financial assets and financial liabilities were as follows:

	Consolidated financial statements				
	Measurement categories		Carrying amounts		
	Previously reported		Previously reported	New	Difference
	(TAS 105 and other TAS)	New (TFRS 9)	Thousand Baht	Thousand Baht	Thousand Baht
Current financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	717,071	717,071	-
Trade and other receivables (net)	Amortised cost	Amortised cost	519,469	519,469	-
Short-term investments	Held-to-maturity	Amortised cost	170,000	170,000	-
Non-current financial assets					
Available-for-sale investment	Available for sale	FVOCI	31,932	31,932	-
Current financial liabilities					
Current portion of long-term loans	Amortised cost	Amortised cost	146,702	146,702	-
Trade and other payables	Amortised cost	Amortised cost	342,964	342,964	-
	Separate financial statements				
	Measurement categories		Carrying amounts		
	Previously reported		Previously reported	New	Difference
	(TAS 105 and other TAS)	New (TFRS 9)	Thousand Baht	Thousand Baht	Thousand Baht
Current financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	633,247	633,247	-
Trade and other receivables (net)	Amortised cost	Amortised cost	519,062	519,062	-
Short-term investments	Held-to-maturity	Amortised cost	170,000	170,000	-
Current financial liabilities					
Current portion of long-term loans	Amortised cost	Amortised cost	146,702	146,702	-
Trade and other payables	Amortised cost	Amortised cost	343,466	343,466	-

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)**(d) Impairment of financial assets**

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade and other receivables; and
- debt investments carried at amortised cost

The Group was required to revise its impairment methodology under TFRS 9. While i) cash and cash equivalents and ii) debt investments at amortised cost are subject to the new impairment requirement, the identified impact was immaterial.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)**5.1 Financial instruments (Cont'd)***Trade receivables*

The Group applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance 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 loss rates are based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

As of 1 January 2020, the Group and the Company assessed that changes in loss allowance for trade receivables does not have a significant impact on the group.

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. As of 31 December 2020, the expected credit loss of Baht 170,963,235 for trade receivables was assessed based on historical credit loss together with the management's judgement in estimating the expected credit loss.

6 Accounting policies

6.1 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 and joint ventures' 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 and joint ventures equals or exceeds its interest in the associates and joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

6 Accounting policies (Cont'd)

d) 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.

6.2 Foreign currency translation

a) Functional and presentation currency

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

6 Accounting policies (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.

6.3 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.

6.4 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 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 6.6 f)

6.5 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.

6 Accounting policies (Cont'd)**6.6 Financial asset****For the year ended 31 December 2020****a) Classification**

From 1 January 2020, 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.

6 Accounting policies (Cont'd)**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.

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.

6 Accounting policies (Cont'd)**6.6 Financial asset (Cont'd)**For the year ended 31 December 2020 (Cont'd)**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.

f) Impairment

From 1 January 2020, the Group assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 5.1 (d) for details.

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 12.

6 Accounting policies (Cont'd)For the year ended 31 December 2019*Investments in debt and equity securities*

Investments other than investments in subsidiaries, associates and joint ventures are initially recognised at fair value of consideration paid plus direct transaction cost.

Trading and available-for-sale investments

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment.

General investments

General investments are carried at cost less impairment.

Disposal of investments

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Group disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.

6 Accounting policies (Cont'd)

6.7 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.

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.

6.8 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.

6 Accounting policies (Cont'd)

6.9 Intangible assets

Computer software

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

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

6.10 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.

The Company 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.

6 Accounting policies (Cont'd)

6.11 Leases

For the year ended 31 December 2020

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.

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

6 Accounting policies (Cont'd)

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 assets comprise IT-equipment and small items of office furniture.

Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

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.

6 Accounting policies (Cont'd)**6.11 Leases (Cont'd)**

For the year ended 31 December 2019

Leases - where the Group is the lessee

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

6 Accounting policies (Cont'd)**6.12 Financial liabilities**

For the year ended 31 December 2020

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.

6 Accounting policies (Cont'd)**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.

6 Accounting policies (Cont'd)

6.12 Financial liabilities (Cont'd)

For the year ended 31 December 2019

Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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.

6.13 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.

6 Accounting policies (Cont'd)**6.14 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 substantially enacted by the end of the reporting period.

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.

6 Accounting policies (Cont'd)

6.14 Current and deferred income taxes (Cont'd)

Deferred income tax (Cont'd)

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.

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.

6.15 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.

6 Accounting policies (Cont'd)

c) Retirement benefit

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.

6 Accounting policies (Cont'd)

6.16 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.

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.

6.17 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.

6 Accounting policies (Cont'd)

6.18 Revenue recognition

Revenue include 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.

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 is set off against contract assets.

6 Accounting policies (Cont'd)**6.18 Revenue recognition (Cont'd)***Sale of goods - wholesale*

The Group manufactures and sells a range of tire and tubes for bicycle, 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.

The distributed tire and tube is 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 trade and other payables) 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.

Sale of goods - customer loyalty programme

The Group operates a loyalty programme where retail 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.

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.

6 Accounting policies (Cont'd)*Payment to customers*

Payment to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction 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.

6.19 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.

7 Financial risk management

7.1 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.

7.1.1 Market risk

a) Foreign exchange risk

The Group's primary functional currency is Thai Baht. Sales and purchases transactions are denominated in Thai Baht and foreign currencies. The Group does not usually hedge in foreign operation. Also, the borrowings transactions are primarily denominated in Thai Baht and the Group has no any significant financial assets and liabilities in foreign currencies. Therefore, 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.

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.

b) Interest rate risk

The Group has normal interest rate risk from deposits and borrowing with financial institutions. The Group has long-term loans for business operation from financial institutions with floating interest-bearing rate. 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.

7 Financial risk management (Cont'd)**c) Price risk**

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

7.1.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, including outstanding receivables.

a) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' 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.

The Group's investments in debt instruments are considered to be low risk investments. The Group regularly monitors the credit ratings of the investments for credit deterioration.

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.2 Credit risk (Cont'd)

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:

- Trade and other receivables
- Investment in debt instruments measured at amortised cost

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 of sales and the corresponding historical credit losses experienced such as default or late payments and the ability of the customers to settle the receivables

The Group and the Company considers that all debt investments measured at amortised cost 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.

7 Financial risk management (Cont'd)

7.1.3 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 745,828,500 (2019: Baht 716,669,829) 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 i) rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below); and ii) cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary, monitoring balance sheet liquidity ratios and maintaining financing plans.

As at 31 December 2020, the Group has undrawn credit facilities of Baht 853,245,982.

7.2 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.

8 Fair value

The following table presents fair value of financial asset that is measured or disclosed by their fair value hierarchy.

	Consolidated financial statements									
	Level 1		Level 2		Level 3		Total		Carrying amount	
	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December	December	December
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Assets										
Financial asset at fair value through other comprehensive income	25,088,980	-	-	-	-	-	25,088,980	-	25,088,980	-
Available-for-sale investment - equity investment	-	31,932,198	-	-	-	-	-	31,932,198	-	31,932,198
Total assets	25,088,980	31,932,198	-	-	-	-	25,088,980	31,932,198	25,088,980	31,932,198

The following table presents non-financial asset that is measured or disclosed by their fair value hierarchy:

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	r	r	r	r	r	r	r	r
	2020	2019	2020	2019	2020	2019	2020	2019
Assets								
Investment property	-	-	-	-	217,018,408	220,787,694	217,018,408	220,787,694
Total non-financial assets measured at fair value	-	-	-	-	217,018,408	220,787,694	217,018,408	220,787,694

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.

There were no transfers between levels of fair value during the years.

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.

9 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 8.

b) Useful life of intangible asset

The Group estimates the useful life of computer software to be 3-10 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.

c) 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.

9 Critical accounting estimates and judgements (Cont'd)**d) Determination of transaction price in contracts with customers**

The Group has not recognised revenue of 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.

e) 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.

f) 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.

9 Critical accounting estimates and judgements (Cont'd)

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

Most extension options on offices and vehicles 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.

g) 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.

h) 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.

10 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 a product 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					
	Sale of goods		Investment		Total	
	2020	2019	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenue from sales of goods and services	2,664,832	2,736,687	-	2	2,664,832	2,736,689
Other income	9,162	12,252	383	-	9,545	12,252
Total revenue	2,673,994	2,748,939	383	2	2,674,377	2,748,941
Timing of revenue recognition:						
At a point in time	2,673,994	2,748,939	383	2	2,674,377	2,748,941
Over time	-	-	-	-	-	-
	2,673,994	2,748,939	383	2	2,674,377	2,748,941
Gross profit	621,244	495,130	-	-	621,244	495,130
Selling and administrative expenses	(153,035)	(150,328)	-	-	(153,035)	(150,328)
Profit before income tax expenses	494,719	338,670	383	2	495,102	338,672
Income tax expenses	(82,481)	(59,836)	-	-	(82,481)	(59,836)
Net profit for the year	412,238	278,835	383	2	412,621	278,837
Investment property	217,018	220,788	-	-	217,018	220,788
Property, plant and equipment (net)	1,538,085	1,363,139	-	-	1,538,085	1,363,139
Total assets	3,836,704	3,620,413	26,274	33,117	3,862,978	3,653,530

10 Segment information (Cont'd)

The Group's revenues of approximately Baht 612.73 million (2019: Baht 659.60 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	
Local	819,707	816,282
Overseas - Asia	665,546	763,848
Overseas - Europe	832,920	883,970
Overseas - America	306,589	237,031
Overseas - Others	40,070	35,556
Total	2,664,832	2,736,687

11 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Cash on hand	613,751	401,459	596,582	394,017
Deposits held at call with banks				
- current accounts	67,492,117	72,171,353	3,194,452	6,705,985
- savings accounts	678,336,383	644,498,476	660,133,957	626,146,763
- fixed accounts 9 days	60,000,000	-	60,000,000	-
Bill of exchange	140,069,679	-	140,069,679	-
Total cash and cash equivalents	946,511,930	717,071,288	863,994,670	633,246,765

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.

12 Trade and other receivables (net)

Trade and other receivables (net) as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- other parties	688,129,651	673,284,649	686,412,846	672,233,622
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS 101)	(170,963,235)	(171,391,902)	(170,963,235)	(171,391,902)
Total trade accounts receivable				
- other parties (net)	517,166,416	501,892,747	515,449,611	500,841,720
Trade accounts receivable				
- related parties (Note 33.3)	21,371,602	17,519,702	21,371,602	17,519,702
Amounts due from related parties (Note 33.3)	-	-	570,950	644,078
Interest receivable	86,966	56,647	86,966	56,647
Others (net)	5,274,119	4,643,580	5,225,209	4,595,982
Total trade and other receivables (net)	543,899,103	524,112,676	542,704,338	523,658,129

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

Trade accounts receivable - other parties as at 31 December 2020 and 2019 can be aged as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Not yet due	453,380,518	449,567,691	451,797,918	448,557,035
Overdue not exceeding 3 months	63,964,389	55,414,708	63,840,295	55,378,261
Overdue 3 to 6 months	1,626,032	2,742,968	1,626,032	2,739,044
Overdue 6 to 12 months	1,711,343	1,226,472	1,701,232	1,226,472
Overdue 12 months	167,447,369	164,332,810	167,447,369	164,332,810
	688,129,651	673,284,649	686,412,846	672,233,622
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS 101)	(170,963,235)	(171,391,902)	(170,963,235)	(171,391,902)
Total trade accounts receivable - other parties (net)	517,166,416	501,892,747	515,449,611	500,841,720

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.

During the year 2020, Currently, 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.

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

Trade accounts receivable - related parties as at 31 December 2020 and 2019 can be aged as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Not yet due	21,371,602	17,519,702	21,371,602	17,519,702
Total trade accounts receivable - related parties	21,371,602	17,519,702	21,371,602	17,519,702

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

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

	Consolidated financial statements	
	2020	2019
	Baht	Baht
As of 31 December - calculated under TAS 101	171,391,902	171,622,936
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January 2020 - calculated under TFRS 9 (2019: TAS 101)	171,391,902	171,622,936
Reversal loss allowance	(428,667)	(231,034)
As of 31 December - calculated under TFRS 9 (2019: TAS 101)	170,963,235	171,391,902
	Separate financial statements	
	2020	2019
	Baht	Baht
As of 31 December - calculated under TAS 101	171,391,902	171,622,936
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January 2020 - calculated under TFRS 9 (2019: TAS 101)	171,391,902	171,622,936
Reversal loss allowance	(428,667)	(231,034)
As of 31 December - calculated under TFRS 9 (2019: TAS 101)	170,963,235	171,391,902

13 Financial assets and financial liabilities

As at 31 December 2020, classification of the Group's financial assets and financial liabilities are as follows:

	Consolidated financial statements		
	FVOCI	Amortised	
		cost	Total
Baht	Baht	Baht	
Financial assets			
Cash and cash equivalents	-	946,511,930	946,511,930
Trade and other receivables (net)	-	538,624,984	538,624,984
Financial assets measured at FVOCI	25,088,980	-	25,088,980
	Consolidated financial statements		
	Amortised		Total
	cost		Baht
	Baht		Baht
Financial liabilities			
Trade and other payables	369,475,552		369,475,552
Current portion of long-term borrowings from financial institution	5,754,018		5,754,018
Lease liabilities	1,145,774		1,145,774

13 Financial assets and financial liabilities (Cont'd)

As at 31 December 2020, classification of the Group's financial assets and financial liabilities are as follows:
(Cont'd)

	Separate financial statements	
	Amortised	
	cost Baht	Total Baht
Financial assets		
Cash and cash equivalents	863,994,670	863,994,670
Trade and other receivables (net)	537,479,129	537,479,129
Financial liabilities		
Trade and other payables	368,911,391	368,911,391
Current portion of long-term borrowings from financial institution	5,754,018	5,754,018
Lease liabilities	1,145,774	1,145,774

13.1 Other financial assets at amortised cost
a) Classification of financial assets at amortised cost (2019: amortised cost under TAS105)

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 2020			31 December 2019		
Current	Non-current	Total	Current	Non-current	Total

	Baht	Baht	Baht	Baht	Baht	Baht
Bill of exchange (2019: amortised cost)	-	-	-	40,000,000	-	40,000,000
Fixed deposit (2019: amortised cost)	-	-	-	130,000,00	-	130,000,00
				0		0
Total	-	-	-	170,000,00	-	170,000,00
				0		0

Separate financial statements

	31 December 2020			31 December 2019		
	Current Baht	Non- current Baht	Total Baht	Current Baht	Non- current Baht	Total Baht
Other receivables	570,950	-	570,950	644,078	-	644,078
Bill of exchange (2019: amortised cost)	-	-	-	40,000,000	-	40,000,000
Fixed deposit (2019: amortised cost)	-	-	-	130,000,00	-	130,000,00
				0		0
Total	570,950	-	570,950	170,644,078	-	170,644,078

Other receivables

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

13 Financial assets and financial liabilities (Cont'd)

13.1 Other financial assets at amortised cost (Cont'd)

b) Fair values of other financial assets at amortised cost

Due to the short-term nature of the other receivables, bill of exchange and deposit accounts, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

c) Loss allowance

Information about the impairment and the Group's exposure to credit risk is disclosed in Note 5, 7 and 12.

13.2) Financial assets at fair value through other comprehensive income

a) Classification of financial assets at fair value through other comprehensive income (2019: fair value under TAS 105)

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	
	2020	2019
	Baht	Baht
Non-current assets		
Investments in equity investments		
- Listed securities (2019: fair value)	25,088,980	31,932,198
Total	25,088,980	31,932,198

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

13 Financial assets and financial liabilities (Cont'd)

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

	Consolidated financial statements	
	2020	2019
	Baht	Baht
Gains/(losses) recognised in other comprehensive income (2019: relating to available-for-sale investment)	(6,843,218)	5,318,097
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	383,191	-

14 Inventories (net)

Inventories (net) as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Raw material	165,120,659	164,587,602	165,120,659	164,587,602
Work in progress	38,928,670	37,481,332	38,928,670	37,481,332
Finished goods	227,744,340	271,976,464	223,616,757	267,842,803
Spare parts and supplies	76,909,954	70,832,705	76,909,954	70,832,705
	508,703,623	544,878,103	504,576,040	540,744,442
<u>Less</u> Allowance for obsolete and defective				
- Raw materials	(311,029)	(363,619)	(311,029)	(363,619)
- Finished goods	(4,489,019)	(8,158,987)	(4,472,494)	(7,834,133)
- Spare parts and supplies	(8,232,703)	(5,957,245)	(8,232,703)	(5,957,245)
<u>Less</u> Allowance for actual cost in excess of net realisable value - Finished goods	(435,816)	(501,673)	(435,816)	(501,673)
	495,235,056	529,896,579	491,123,998	526,087,772
Goods in transit	39,589,102	37,902,424	39,589,102	37,902,424
Total inventories (net)	534,824,158	567,799,003	530,713,100	563,990,196

During the year ended 31 December 2020 and 2019, amounts recognised as cost of sales in profit or loss are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Cost of sales and cost of services	2,039,592,781	2,238,216,724	2,028,587,892	2,228,005,798

Allowance for obsolete and defective	4,060,672	2,847,915	4,269,646	2,580,806
Allowance for actual cost in excess of net realisable value (reversal)	(65,857)	492,507	(65,857)	492,507

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

15 Other current assets (net)

Other current assets (net) as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Tax receivable (net)	3,314,174	2,450,388	3,314,174	2,450,388
Value added tax receivable	10,839,538	13,951,961	8,166,989	11,897,492
Undue input tax	2,412,221	3,283,757	2,412,221	3,283,104
Others	1,219,162	1,581	1,224,739	-
Total other current assets (net)	17,785,095	19,687,687	15,118,123	17,630,984

16 Investment in subsidiaries (net)

Investment in subsidiaries (net) as at 31 December 2020 and 2019 are as follows:

Entity name	Country of incorporation	Nature of business	Ownership interest held by				Investment at cost method	
			Company		Voting rights		2020	2019
			2020 (%)	2019 (%)	2020 (%)	2019 (%)	Baht	Baht
HFT Holding	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

17 Investment in an associate

Investment in an associate as at 31 December 2020 and 2019 are as follows:

Entity name	Country of incorporation	Nature of business	Ownership interest held by				Consolidated financial statements		Separate financial statements	
			Company		Investment at equity method		Investment at cost method			
			2020 (%)	2019 (%)	2020 Baht	2019 Baht	2020 Baht	2019 Baht		

The Ascent (Thailand) Co., Ltd.	Thailand	(1)			1,184,96		1,161,00	1,161,00
			43	43	3	1,184,739	0	0
Total					1,184,96		1,161,00	1,161,00
					3	1,184,739	0	0

(1) International trading of bicycle and motorcycles.

The movements of investment in an associate for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements		Separate financial statements	
	Investment at equity method		Investment at cost method	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening net book amount	1,184,739	1,182,316	1,161,000	1,161,000
Share of profit (loss) from an associate	224	2,423	-	-
Closing net book amount	1,184,963	1,184,739	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 2020, the liquidation has not been completed.

The Group has no contingent liability arise from interest of investments in associates.

18 Investment property

The movements of investment property for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening balance at 1 January	220,787,694	228,483,742	-	-
Currency translation differences recognised in other comprehensive income	(3,769,286)	(7,696,048)	-	-
Closing balance at 31 December	217,018,408	220,787,694	-	-

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 2020 and 2019, 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.

19 Property, plant and equipment (net)

The movements of property, plant and equipment (net) for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements						
	Buildings		Plant and	Office equipment,		Construction	Total
	Land	and building		machinery	furniture and		
	Baht	improvement	Baht	fixtures	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	Baht	Baht	
At 1 January 2019							
Cost	319,126,782	409,144,780	2,051,911,801	15,482,255	33,652,602	275,147,889	3,104,466,109
<u>Less</u> Accumulated depreciation	-	(201,579,435)	(1,602,855,757)	(13,050,630)	(17,332,283)	-	(1,834,818,105)
Net book amount	319,126,782	207,565,345	449,056,044	2,431,625	16,320,319	275,147,889	1,269,648,004
For the year ended 31 December 2019							
Opening net book amount	319,126,782	207,565,345	449,056,044	2,431,625	16,320,319	275,147,889	1,269,648,004
Additions	-	10,179,000	46,079,894	614,824	1,117,963	130,513,080	188,504,761
Disposals - cost	-	(2,206,865)	(39,018,610)	(355,045)	(4,297,641)	-	(45,878,161)
- accumulated depreciation	-	2,075,494	38,814,379	350,962	4,290,411	-	45,531,246
Transfer in(out)	-	125,186,707	66,794,192	-	-	(191,980,899)	-
Depreciation charge	-	(14,797,062)	(76,203,435)	(881,994)	(2,784,626)	-	(94,667,117)

Closing 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
At 31 December 2019							
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

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

The movements of property, plant and equipment (net) for the years ended 31 December 2020 and 2019 are as follows: (Cont'd)

	Consolidated financial statements						
	Land Baht	Buildings	Plant and machinery Baht	Office equipment,	Vehicles Baht	Construction in progress Baht	Total Baht
		and building		furniture and			
		improvement Baht		fixtures Baht			
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

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

The movements of property, plant and equipment (net) for the years ended 31 December 2020 and 2019 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	
At 1 January 2019							
Cost	319,126,782	409,144,780	2,051,911,801	15,482,255	33,652,602	275,147,889	3,104,466,109
<u>Less</u> Accumulated depreciation	-	(201,579,435)	(1,602,855,757)	(13,050,630)	(17,332,283)	-	(1,834,818,105)
Net book amount	319,126,782	207,565,345	449,056,044	2,431,625	16,320,319	275,147,889	1,269,648,004
For the year ended 31 December 2019							
Opening net book amount	319,126,782	207,565,345	449,056,044	2,431,625	16,320,319	275,147,889	1,269,648,004
Additions	-	10,179,000	46,079,894	614,824	1,117,963	130,513,080	188,504,761
Disposals - cost	-	(2,206,865)	(39,018,610)	(355,045)	(4,297,641)	-	(45,878,161)
- accumulated depreciation	-	2,075,494	38,814,379	350,962	4,290,411	-	45,531,246
Transfer in(out)	-	125,186,707	66,794,192	-	-	(191,980,899)	-
Depreciation charge	-	(14,797,062)	(76,203,435)	(881,994)	(2,784,626)	-	(94,667,117)

Closing 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
At 31 December 2019							
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

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

The movements of property, plant and equipment (net) for the years ended 31 December 2020 and 2019 are as follows: (Cont'd)

	Separate financial statements						
		Buildings	Plant and	Office equipment,		Construction	Total
	Land	and building	machinery	furniture and	Vehicles	in progress	
	Baht	improvement	Baht	fixtures	Baht	Baht	
	Baht		Baht				
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

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

From 2020, the Group presents right-of-use assets as a part of Property, plant and equipment as a results of changes in accounting policy in Note 5 and 6.11.

As at 31 December 2019, the Group is a lessee under a finance lease, comprise vehicle as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Cost - finance leases	-	3,912,512	-	3,912,512
<u>Less</u> Accumulated depreciation	-	(413,726)	-	(413,726)
Net book amount	-	3,498,786	-	3,498,786

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Vehicle	3,912,512	-	3,912,512	-
<u>Less</u> Accumulated depreciation	(809,040)	-	(809,040)	-
Total	3,103,472	-	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 (2019: 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 22.

20 Intangible assets (net)

The movements of intangible assets (net) for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements	Separate financial statements
	Computer software Baht	Computer software Baht
At 1 January 2019		
Cost	7,737,976	7,682,976
<u>Less</u> Accumulated amortisation	(6,126,041)	(6,100,349)
Net book amount	1,611,935	1,582,627
For the year ended 31 December 2019		
Opening net book amount	1,611,935	1,582,627
Amortisation charge	(381,158)	(375,659)
Closing net book amount	1,230,777	1,206,968
At 31 December 2019		
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

20 Intangible assets (net) (Cont'd)

The movements of intangible assets (net) for the years ended 31 December 2020 and 2019 are as follows: (Cont'd)

	Consolidated financial statements	Separate financial statement:
	Computer software Baht	Compute software Bah
For the year ended 31 December 2020		
Opening net book amount	1,230,777	1,206,961
Amortisation charge	440,000	440,000
	(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

Amortisation recognised in profit and loss that are related to intangible assets for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Cost of goods sold	95,902	125,103	95,902	125,103
Administrative expense	320,886	256,055	315,386	250,556
	416,788	381,158	411,288	375,659

21 Deferred income taxes (net)

The analysis of deferred income taxes (net) is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	25,976,649	25,762,119	25,976,649	25,762,119
Deferred tax asset to be recovered more than 12 months	13,601,858	12,769,555	13,601,858	12,769,555
	39,578,507	38,531,674	39,578,507	38,531,674
Deferred tax liability:				
Deferred tax liability to be settled more than 12 months	(3,421,707)	(3,135,261)	(3,421,707)	(3,135,261)
	(3,421,707)	(3,135,261)	(3,421,707)	(3,135,261)
Deferred tax asset (net)	36,156,800	35,396,413	36,156,800	35,396,413

21 Deferred income taxes (net) (Cont'd)

The movements of deferred tax assets and deferred tax 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 2019	22,654,487	2,189,108	5,978,545	52,245	30,874,385
Charged/(credited) to profit or loss	153,975	742,226	2,376,755	(29,922)	3,243,034
Charged to other comprehensive income	-	-	4,414,255	-	4,414,255
At 31 December 2019	22,808,462	2,931,334	12,769,555	22,323	38,531,674
At 1 January 2020	22,808,462	2,931,334	12,769,555	22,323	38,531,674
Charged/(credited) to profit or loss	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

21 Deferred income taxes (net) (Cont'd)

	Consolidated financial statements	
	Difference of depreciation between tax based and accounting based Baht	Total Baht
Deferred tax liability:		
At 1 January 2019	(2,819,061)	(2,819,061)
Credited to profit or loss	(316,200)	(316,200)
At 31 December 2019	(3,135,261)	(3,135,261)
At 1 January 2019	(3,135,261)	(3,135,261)
Credited to profit or loss	(286,446)	(286,446)
At 31 December 2020	(3,421,707)	(3,421,707)

21 Deferred income taxes (Cont'd)

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

	Separate financial statements				Total Baht
	Impairment on financial assets Baht	Allowance for net realisable value Baht	Employee benefit obligation Baht	Allowance for unclaim duties Baht	
Deferred tax assets					
At 1 January 2019	22,654,487	2,189,108	5,978,545	52,245	30,874,385
Charged/(credited) to profit or loss	153,975	742,226	2,376,755	(29,922)	3,243,034
Charged to other comprehensive income	-	-	4,414,255	-	4,414,255
At 31 December 2019	22,808,462	2,931,334	12,769,555	22,323	38,531,674
At 1 January 2020	22,808,462	2,931,334	12,769,555	22,323	38,531,674
Charged/(credited) to profit or loss	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

21 Deferred income taxes (Cont'd)

	Separate financial statements	
	Difference of depreciation between tax based and accounting based Baht	Total Baht
Deferred tax liability:		
At 1 January 2019	(2,819,061)	(2,819,061)
Credited to profit or loss	(316,200)	(316,200)
At 31 December 2019	(3,135,261)	(3,135,261)
At 1 January 2019	(3,135,261)	(3,135,261)
Credited to profit or loss	(286,446)	(286,446)
At 31 December 2020	(3,421,707)	(3,421,707)

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group does not recognise deferred tax asset of Baht 58,955 (2019: Baht 516,744) from tax losses of Baht 471,640 (2019: Baht 4,133,955), to carry forward against future taxable income; these tax losses of Baht 471,640 will expire in 2025 (2019: tax losses of Baht 4,133,955 will expire in 2024).

22 Borrowings

Borrowings as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Current				
Current portion of long-term borrowings				
Borrowings from a financial institution	5,754,018	146,702,300	5,754,018	146,702,300
Finance lease liabilities	368,872	345,889	368,872	345,889
Total current borrowings	6,122,890	147,048,189	6,122,890	147,048,189
Non-current				
Finance lease liabilities	776,902	1,145,773	776,902	1,145,773
Total non-current borrowings	776,902	1,145,773	776,902	1,145,773
Total borrowings	6,899,792	148,193,962	6,899,792	148,193,962

As at 31 December 2020 and 2019, 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 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 effective interest rates at the statements of financial position date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Borrowings from a financial institution	3.35%	3.30%	3.35%	3.30%
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 finance 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 finance lease liabilities, the fair value are also not significantly different to their carrying amount.

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Maturity of long-term borrowings:				
Between 1 and 2 years	5,754,018	146,702,300	5,754,018	146,702,300
Total long-term borrowings	5,754,018	146,702,300	5,754,018	146,702,300
Minimum lease payments of finance 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	828,000	1,260,000	828,000	1,260,000
	1,260,000	1,692,000	1,260,000	1,692,000
<u>Less</u> Future finance charges on finance leases	114,226	200,338	114,226	200,338
Present value of finance lease liabilities	1,145,774	1,491,662	1,145,774	1,491,662

22 Borrowings (Cont'd)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Finance lease liabilities:				
- Current	368,872	345,889	368,872	345,889
- Non-current	776,902	1,145,773	776,902	1,145,773
	1,145,774	1,491,662	1,145,774	1,491,662
Present value of finance lease liabilities:				
Not later than one year	368,872	345,889	368,872	345,889
Later than 1 year but not later than 5 years	776,902	1,145,773	776,902	1,145,773
	1,145,774	1,491,662	1,145,774	1,491,662

23 Trade and other payables

Trade and other payables as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Trade accounts payable - others	255,108,851	259,510,680	255,108,851	259,510,680
- related parties (Note 33.3)	2,200,173	2,733,502	2,200,173	2,733,502
Other accounts payable - other	23,782,279	26,128,482	23,186,724	25,927,402
- related parties (Note 33.3)	29,162,327	5,013,189	29,193,721	5,716,556
Payables on fixed assets - others	27,650,207	35,960,967	27,650,207	35,960,967

-	related parties				
	(Note 33.3)	430,779	-	430,779	-
Accrued salary and bonus		68,926,299	71,006,991	68,926,299	71,006,991
Advance receipt from customers		31,140,936	13,617,084	31,140,936	13,617,084
Retention		9,419,347	12,324,502	9,419,347	12,324,502
Accrued expenses		29,450,713	25,670,316	28,907,456	25,141,454
Total trade and other payables		477,271,911	451,965,713	476,164,493	451,939,138

24 Employee benefit obligations

The amount recognised in the statements of financial position is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Statements of financial position:				
Retirement benefits	68,009,290	63,847,772	68,009,290	63,847,772
Liability in the statements of financial position	68,009,290	63,847,772	68,009,290	63,847,772
Profit or loss charge included in operating profit for:				
Retirement benefits	5,881,409	13,915,001	5,881,409	13,915,001
Remeasurement for:				
Retirement benefits	-	22,071,275	-	22,071,275

24 Employee benefit obligations (Cont'd)

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 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
At 1 January	63,847,772	31,786,453	63,847,772	31,786,453
Current service cost	5,881,409	4,509,208	5,881,409	4,509,208
Past service cost	-	9,405,793	-	9,405,793
	69,729,181	45,701,454	69,729,181	45,701,454
Remeasurements:				
Loss from change in financial assumptions	-	22,071,275	-	22,071,275
	-	22,071,275	-	22,071,275
Payment from plans	69,729,181	67,772,729	69,729,181	67,772,729
Benefit payment	(1,719,891)	(3,924,957)	(1,719,891)	(3,924,957)
At 31 December	68,009,290	63,847,772	68,009,290	63,847,772

On 5 April 2019, an amendment bill to the Labour Protection Act was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's

pay to 400 day's pay. The effects of the amendment have been recorded as past service cost during the year amounting to Baht 9.41 million.

During 2019, the discount rate which was the principal actuarial assumption for employee benefit obligations decreased due to significant change in interest rate on government bond and resulted to increase in the employee benefit obligations in the consolidated and separate financial statements as at 31 December 2019 by Baht 7.71 million.

As at 31 December 2020, discount rate was 1.80% (2019: 1.80%).

The significant actuarial assumptions used are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
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					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	1%	1%	Decrease by 10.33%	Decrease by 10.86%	Increase by 12.10%	Increase by 12.77%
Salary growth rate	1%	1%	Increase by 9.48%	Increase by 9.13%	Decrease by 8.21%	Decrease by 7.93%

24 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant assumption used is as follows: (Cont'd)

	Separate financial statements					
	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	1%	1%	Decrease by 10.33%	Decrease by 10.86%	Increase by 12.10%	Increase by 12.77%
Salary growth rate	1%	1%	Increase by 9.48%	Increase by 9.13%	Decrease by 8.21%	Decrease by 7.93%

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.

25 Share capital and premium on share capital

The movements of share capital and premium on share capital for the years ended 31 December 2020 and 2019 are as follows:

	Number of Shares	Ordinary Shares	Share Premium	Surplus on		Total
				Treasury Shares	Baht	
	Shares	Baht	Baht	Baht	Baht	Baht
At 1 January 2019	658,434,300	658,434,300	222,105,000	7,429,904		887,969,204

Issue of shares	-	-	-	-	-
At 31 December 2019	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

As at 31 December 2020 and 2019, 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 2020 and 2019 is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	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 2020 and 2019, 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 2515	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.

The Group has the revenue for the years ended 31 December 2020 and 2019 which is classified as revenue under corporate income tax exemption and non-corporate income tax exemption as follows:

Consolidated financial statements	
2020	2019

	BOI	NON-BOI	Total	BOI	NON-BOI	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Export sales	282,982,324	1,562,141,991	1,845,124,315	188,394,039	1,732,253,282	1,920,647,321
Domestic sales	272,217,007	547,490,342	819,707,349	244,533,930	571,505,548	816,039,478
Total	555,199,331	2,109,632,333	2,664,831,664	432,927,969	2,303,758,830	2,736,686,799

Separate financial statements

	2020			2019		
	BOI	NON-BOI	Total	BOI	NON-BOI	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Export sales	282,982,324	1,552,441,638	1,835,423,962	188,394,039	1,722,072,560	1,910,466,599
Domestic sales	272,217,007	545,207,877	817,424,884	244,533,930	570,093,035	814,626,965
Total	555,199,331	2,097,649,515	2,652,848,846	432,927,969	2,292,165,595	2,725,093,564

28 Other income

Other income for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Interest income	5,662,640	6,365,327	5,574,037	6,198,359
Rental income	-	-	120,000	120,000
Gain on sales of assets	275,906	2,083,019	275,906	2,083,019
Dividend income	383,191	-	-	-
Others	3,223,584	3,803,765	3,329,252	3,898,962
Total other income	9,545,321	12,252,111	9,299,195	12,300,340

29 Expense by nature

The following significant expenditures, classified by nature for the years ended 31 December 2020 and 2019, have been charged in arriving at profit (loss) before finance costs and income tax:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Changes in inventories of finished goods and work in process	42,784,786	(53,126,287)	42,778,708	(49,625,293)
Raw material and consumables used	1,070,109,168	1,312,831,799	1,070,109,168	1,312,831,799
Employee benefit expense	525,386,156	540,539,376	525,386,156	540,539,376
Depreciation and amortisation	95,769,044	95,065,275	95,763,544	95,059,776
Transportation expense	46,347,213	43,741,084	46,287,093	43,694,974
Utility expense	152,182,616	179,681,738	152,182,616	179,681,738
Packing expense	77,561,505	80,723,385	77,561,505	80,723,385
Repair and maintenance expense	38,865,879	41,247,442	38,865,879	41,247,442
Other expenses	147,616,699	151,180,992	134,981,253	135,046,814
Total expense by nature	2,196,623,066	2,391,884,804	2,183,915,922	2,379,200,011

30 Income tax expense

Income tax expenses for the years ended 31 December 2020 and 2019 comprise the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on profits for the year	83,339,317	61,624,169	83,339,317	61,624,169
Adjustments in respect of prior year	(97,665)	1,138,391	(97,665)	1,138,391
Total current tax	83,241,652	62,762,560	83,241,652	62,762,560
Deferred tax:				
Increase in deferred tax assets (Note 21)	(1,046,833)	(3,243,034)	(1,046,833)	(3,243,034)
Increase in deferred tax liability (Note 21)	286,446	316,200	286,446	316,200
Total deferred tax	(760,387)	(2,926,834)	(760,387)	(2,926,834)
Income tax expense	82,481,265	59,835,726	82,481,265	59,835,726

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	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Profit before tax	495,102,344	338,672,361	494,694,568	342,330,007
Tax calculated at a tax rate of 20%	99,020,469	67,734,472	98,938,914	68,466,001
Tax effect of:				
Profit under BOI certificate subject to exempt income tax	(16,212,033)	(8,448,695)	(16,212,033)	(8,448,695)
Expenses not deducted for tax purpose	1,907,325	3,412,143	1,888,604	3,412,143
Income not subject to tax and expenses additionally deductible for tax purpose	(1,304,152)	(1,807,347)	(1,276,168)	(1,805,280)
Utilisation of previously unrecognised tax losses	(163,594)	(91,014)	-	-
Tax losses of subsidiary for which no deferred income tax asset was recognised	91,302	824,610	-	-
Adjustment in respect of prior year	(97,665)	1,138,391	(97,665)	1,138,391
Income tax	83,241,652	62,762,560	83,241,652	62,762,560

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 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Basic earnings per share				
Net profit attributable to ordinary shareholders (Baht)	412,621,079	278,836,635	412,213,303	282,494,281
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)	0.63	0.42	0.63	0.43

There are no potential dilutive ordinary shares in issue for during 2020 and 2019.

32 Dividends per share

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.

At the Annual General Meeting No. 1/2019 on 25 April 2019, the shareholders approved the payment of annual dividend from net profit for year 2018 at Baht 0.15 per share, totalling Baht 98,765,145.

33 Related party transactions

33.1) The Company and related parties

As at 31 December 2020, the majority of the Company's shares are held by Hwa Fong Rubber Industries Co., Ltd.

by 50.42% (2019: 50.42%) of the Company's authorised share capital. The significant investments in subsidiaries are set out in Note 16.

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

33.2) Transactions with related parties

Transactions with related parties are as follows:

	Consolidated		Separate		Pricing policies
	financial statements		financial statements		
	2020	2019	2020	2019	
	Baht	Baht	Baht	Baht	
Sales of goods and services					
Parent	11,054,683	8,427,801	11,054,683	8,427,801	Market price
Other related parties					
- Subsidiaries of parent	58,795,494	64,715,595	58,795,494	64,715,595	Market price
- Shareholding in parent	74,691,352	80,113,758	74,691,352	80,113,758	Market price
Sales of raw materials					
Parent	3,001,976	-	3,001,976	-	Market price
Purchases of raw materials					
Parent	13,917,339	14,113,698	13,917,339	14,113,698	Market price
Purchases of spare parts and equipment					
Parent	5,883,879	4,524,381	5,883,879	4,524,381	Market price
Other related parties					
- Subsidiaries of parent	1,863	3,501,718	1,863	3,501,718	Market price
Purchases of machinery					
Parent	2,274,261	4,966,862	2,274,261	4,966,862	Market price
Other related parties					
- Subsidiaries of parent	6,299,577	17,178,023	6,299,577	17,178,023	Market price
Purchases of merchandise					
Subsidiaries	-	-	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		Pricing policies
	financial statements		financial statements		
	2020	2019	2020	2019	
	Baht	Baht	Baht	Baht	
Technical assistance fee					
Parent	19,270,339	6,392,881	19,270,339	6,392,881	Contractual price
Trademark fee					
Parent	17,207,066	6,009,788	17,207,066	6,009,788	Contractual price
Other related parties					
- Shareholding in parent	1,653,242	2,007,730	1,653,242	2,007,730	Contractual price
Other income					
Subsidiaries	-	-	225,720	217,630	Contractual price
Other expenses					
Parent	1,343,255	2,809,517	1,343,255	2,809,517	Market price
Subsidiaries	-	-	-	1,392,482	Market price
Other related parties					
- Subsidiaries of parent	-	838,406	-	838,406	Market price
- Shareholding in parent	-	110,113	-	110,113	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.

33.3) Outstanding balances arising from sales and purchases of goods and services

The outstanding balances as at 31 December 2020 and 2019 in relation to transactions with related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Trade accounts receivable				
Parent	3,861,783	1,200,800	3,861,783	1,200,800
Other related parties				
- Subsidiaries of parent	13,087,299	12,718,036	13,087,299	12,718,036
- Shareholding in parent	4,422,520	3,600,866	4,422,520	3,600,866
Total	21,371,602	17,519,702	21,371,602	17,519,702
Other accounts receivable				
Subsidiaries	-	-	570,950	644,078
Trade accounts payable				
Parent	2,200,173	2,733,502	2,200,173	2,733,502
Other accounts payable				
Parent	28,208,554	3,959,751	28,208,554	3,959,751
Subsidiaries	-	-	31,394	703,367
Other related parties				
- Subsidiaries of parent	-	16,015	-	16,015
- Shareholding in parent	953,773	1,037,423	953,773	1,037,423
Total	29,162,327	5,013,189	29,193,721	5,716,556
Payable on fixed assets				
Parent	430,779	-	430,779	-

33 Related party transactions (Cont'd)

33.4) Key management compensation

Group's key management includes director, secretary, accounting and finance manager. The compensation paid or payable to key management are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Salaries and other short-term				
employee benefits	10,100,965	10,531,867	10,100,965	10,531,867
Post-employment benefits	38,699	203,021	38,699	203,021
Total	10,139,664	10,734,888	10,139,664	10,734,888

34 Bank guarantee

As at 31 December 2020 and 2019, the Group had commitments in respect of bank guarantee issued by the domestic commercial banks as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Electricity usage	2,919,500	2,919,500	2,919,500	2,919,500
Others	3,388,067	9,888,067	3,388,067	9,888,067

35 Commitments

35.1) Capital expenditure commitments

As at 31 December 2020 and 2019, the Group had commitments which are capital expenditure contracted but not recognised as liabilities as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Property, plant and equipment	44,903,590	252,130,896	44,903,590	252,130,896

35.2) Non-cancellable operating leases - where a Group is the lessee

As at 31 December 2019, the Group leases copying machine under non-cancellable operating lease agreement which commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Within 1 year	-	465,730	-	465,730
Later than 1 year but not later than 5 years	-	890,595	-	890,595
Total	-	1,356,325	-	1,356,325

35 Commitments (Cont'd)

35.3) Expense relating to leases of low-value assets

As at 31 December 2020, the Group had the minimum lease payments under operating leases of copying machine contracts are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Within 1 year	498,795	-	498,795	-
Later than 1 year but not later than 5 years	1,082,550	-	1,082,550	-
Total	1,581,345	-	1,581,345	-

36 Events occurring after the reporting period

At the Board of Directors' meeting no. 1/2021, held on 25 February 2021, it passed a resolution to approve the appropriation of dividends of Baht 0.30 per share, totaling of Baht 197,530,290. The dividends will be paid to the shareholders on 21 May 2021 after approved by shareholder at the Annual General Meeting of Shareholders of the Company.



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



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