



บริษัท ไทยรับเบอร์ลาเท็กซ์กรุ๊ป จำกัด (มหาชน)

THAI RUBBER LATEX GROUP PUBLIC COMPANY LIMITED

สำนักงานใหญ่: เลขที่ 99/1-3 หมู่ที่ 13 ถนนบางนา-ตราด กม.ที่ 7 ตำบลบางแก้ว อำเภอบางพลี จังหวัดสมุทรปราการ 10540

HEAD OFFICE : NO. 99/1-3 VILLAGE NO.13, BANG NA-TRAT KORMOR. NO.7 ROAD, BANG KAE0 SUB-DISTRICT, BANG PHLI DISTRICT, SAMUT PRAKAN PROVINCE 10540, THAILAND

เลขประจำตัวผู้เสียภาษี 0107536000137 TEL : +66 2033 2310-39 FAX : +66 2033 2337-39 <https://www.thaitex.com> E-mail : info@thaitex.com



No. TRUBB 12/2023

September 5, 2023

Subject: Clarification and disclosure information

To: Secretary-General
Securities and Exchange Commission

Reference: SEC letter No. Chor Tor-1. 2776/2566 on request for clarification of information.

Referring to SEC has sent a letter to Thai Rubber Latex Group Public Company Limited (the "Company") requesting clarification on the approval of guarantee the investment in ordinary shares of World Flex Public Company Limited to secure the long-term loans to Latex Systems Public Company Limited, and this is not in accordance with the shareholding proportion, the Company would like to clarify SEC questions as follows: -

Question 1: TRUBB reveals information that the above LS credit facilities are guaranteed by other persons and assets. Therefore, SEC asked the Audit Committee to explain the facts: By whom is the LS credit facility secured? What is the proportion of guarantees for each shareholder of LS? And what are the conditions of a commercial bank in converting a contract into a long-term loan? Please submit relevant documents and evidence at the same time.

Answer 1: the above credit facilities is the old and existing credit line of LS which entered into the contract in 2019.

1. Mr. Vorathep Wongsasuthikul, on behalf of the President of Thai Rubber Latex Group Public Company Limited, is the guarantor and is responsible for guaranteeing all credit lines. There is no compensation between Latex Systems Public Company Limited and Mr. Voratep Wongsasuthikul in any way.

2. Other shareholders of LS do not provide guarantees in this loan agreement.

3. TRUBB and LS have negotiated debt restructuring with banks for more than 2 years, especially on the terms of guarantees. Since the bank requires sufficient collateral to meet the total credit limit according to the bank's conditions, however, most of LS's assets have already been pledged with another commercial bank and TRUBB has informed that it is unable to pledge the full credit line as well. Negotiations therefore continued. However, the latest negotiation terms that can be agreed on the debt restructuring which is a long-

term loan contract of 5 years, the first installment will begin in early 2024 and there is a condition that there must be enough collateral to meet the debt limit, i.e.

3.1 LS's land in Rayong province, approximately 12 Rai and approximately 12 million Baht.

3.2 Shares of World Flex Public Company Limited (“WFX”), amounting to approximately 40.8 million shares, approximately 98 million Baht.

3.3 Mr. Vorathep Wongsasuthikul, President of Thai Rubber Latex Group Public Company Limited, provides personal guarantee.

Question 2: What factors did the Board of Directors or the Audit Committee consider before approving TRUBB to provide a guarantee to LS regardless of the shareholding proportion? And because in the past, it appeared that LS's operating performance is continuous net loss and had a large amount of negative shareholders' equity. The Audit Committee is of the opinion that Approval to enter into a transaction and such guarantee is not in accordance with the shareholding proportion. How is this for the best interest of TRUBB and TRUBB's shareholders in general? Please clarify.

Answer 2 : Although the guarantees of the investment amount exceeding TRUBB's shareholding proportion in LS as TRUBB currently holds 51.76% of total shares in LS there are connected persons holding another 21.84%. The main reason that TRUBB provides guarantees in excess of the current shareholding proportion is because TRUBB is in the process of making an agreement to buy shares from other shareholders, which results in for TRUBB to hold LS in the ratio of more than 70% by the fourth quarter of 2023, which exceeds the guarantee ratio.

In the past, before the conversion to a public company in 2018, LS had continuous operating profits. The financial advisor of LS has submitted a plan to be listed on the Market for Alternative Investment (MAI) in 2019. The negative operation started in 2019 resulting of the sinking of a tourist boat in Phuket which carrying Chinese tourists in July 2018, causing a decrease in Chinese tourists to Thailand. This affects the sales of LS, which mainly focuses on the Chinese market. And part of it comes from the Covid 19 situation, which started in late 2019 and started to subside in the beginning of this year.

However, LS has continuously tried to solve the problem of losses by restructuring organization, reducing expenses resulting in reduced operating losses Therefore, it is likely to be profitable in the future. And because latex pillows and mattresses are still popular products from consumers around the world as it is a green product that helps reduce greenhouse gas emissions In addition, latex pillows and mattresses are businesses that use high amounts of latex as a raw material. Therefore, it is good for the overall TRUBB's

concentrated latex business, and if it can return to profit continuously, LS also has plan to return to be listed on the Stock Exchange of Thailand again.

In the process of financial restructuring, LS has negotiated with a commercial bank to restructure debt from a short-term loan to a long-term loan. As a result, the bank demanded additional collateral to cover its long-term loan. This restructuring should help add more liquidity to LS so that LS can operate continuously and be profitable in the future. In addition, the reasons for approving the said guarantee transaction with LS are significantly beneficial to the Company as follows:

1. LS can pay off debt within 6 years and be able to return profits to shareholders and receive dividends starting in the 7th year.

2. It is a synergy with TRUBB business to increase the efficiency and adding value by using concentrated latex as a raw material to convert to finished product through vertical integration of supply chain.

3. If TRUBB does not assist with LS's debt restructuring, LS will enter bankruptcy, TRUBB must be responsible for guarantees with other financial institution. TRUBB and TRUBB's shareholders will be affected. The impact is total loss of value in latex pillow and mattress business that has been established.

4. TRUBB will be negatively affected by financial institutions, partners and investors

As a result of the aforementioned event, the Board of Directors have thoroughly, carefully, considered, with full effort, and by weighing of advantage and disadvantage and opined that the transaction will have benefit to the Company and its shareholders, then resolved to allow TRUBB to enter into a collateral transaction for the said debt restructuring this time. However, since at present, TRUBB has not yet held the proportion of shares according to the guarantee rate. As a result, the company has to disclose information about such transactions.

For the aforementioned reasons, the Company necessarily has to enter into such transaction by taking into account all aspect of business impact which will affect the Company and the overall shareholders of the Company as well.

Please be informed accordingly.

Sincerely,

(Mr. Yanyong Tawarorit)

Chairman of the Audit Committee