

รายงานประจำปี 2561
Annual Report 2018

Quality Steel by Quality People



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General Information

The Company Name:	G J Steel Public Company Limited
Trading Symbol on the Stock Exchange of Thailand:	GJS for ordinary shares
Company Registration Number:	0107538000401
Type of Business:	Production and Distribution of Hot Rolled Coil
Headquarter Location:	88 PASO Tower, 24 th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel: (02) 267-8222 Fax: (02) 267-9048
Factory Location:	Hemaraj Chonburi Industrial Estate, 358 Moo 6, Highway 331, Bowin, Sriracha, Chonburi 20230 Tel: (038) 345-950 Fax: (038) 345-693
Website:	www.gjsteel.co.th
Date of Establishment:	5 January 1994
Date of Registration as A Public Company Limited:	9 August 1995
First Trade Date:	2 July 1996
Production Capacity:	1,500,000 tons per annum
Number of Employees:	785 persons
Registered Capital:	Baht 129,298,350,418.50
Paid-up Capital:	Baht 96,104,091,707.70
Paid-up Common Stock:	13,928,129,233 Ordinary shares, with per value of Baht 6.90 per shares
Fiscal Year:	1 January to 31 December

Reference

Share Registrar:

Ordinary Shares: **Thailand Securities Depository Company Limited**

No. 93 Rachadabhisek Road, Dindaeng, Dindaeng,
Bangkok 10400

Tel: (02) 009-9999 Fax: (02) 009-9991

Debenture Registrar: **The Hong Kong and Shanghai Banking Corporation Limited**

Level 30, HSBC Main Building, 1 Queen's Road Central,
Hong Kong

External Auditor: **A.M.T. & ASSOCIATES**

Mr. Chaiyuth Angsuwithaya
(Certified Public Accountant License No. 3885) or

Mrs. Natsarak Sarochanunjeen
(Certified Public Accountant License No. 4563)

491/27 Silom Plaza, Silom Road, Bang Rak , Bangkok 10500

Tel: (02) 234-1676 Fax: (02) 237-2133

Investor Relations: **Investor Relations Department**

Tel: (02) 267-8222 Ext. 5250

E-mail : IR@gjsteel.co.th

Other Related Information: - None -



Message from the Chairman

In 2018, we have built upon the improvements of the preceding years. Not only have we focused on enhancing performance in the production and financial areas, but we have also worked on Corporate Governance and Risk Management. The Company is aware that Corporate Governance is one of the internationally recognized tools for enhancing efficiency and credibility.

Furthermore, in line with the policy of the Thai Private Sector Collective Action Coalition Against Corruption (CAC), as expressed on 17 April 2017, the Company has openly declared its anti-corruption stance, including

adherence to a strict code of ethical business conduct, as well as establishing an internal anti-corruption control system.

In this connection, the Company has incorporated the Thai Institute of Directors Association's No Gift Policy during the New Year festival. Going forward, the Company intends to supervise the business by adhering to the principles of good corporate governance, while supporting the long-term efficiency of management and operations, as well as their transparency and accountability to shareholders. As a result of these robust measures, the company has been a certified member of the CAC since 5 November 2018.

On behalf of the Board of Directors, I would like to express my sincere appreciation to all shareholders, customers, trade partners, employees and the Royal Thai Government for their support of our endeavors in the past year. I look forward to your continued and valuable support in taking the company to new heights in the coming year.

Chainarong Monthienvichienchai
Chairman of the Board of Directors

Message from Chief Executive Officer



The global steel industry started on a positive note during the year 2018. However, it could not be sustained throughout the year and prices declined in second half. Steel industry in Thailand as well faced challenges arising out of high metallic cost and lower sales realization. Global Crude Steel production during the year 2018 stood at 1,809 million ton (mt), an increase of 4.6% compared to 2017. In Thailand, Finished steel production at 7.11 mt grew by 3.4% and consumption at 17.44 mt also recorded a growth of 4.8% in 2018. Import of 12 mt into Thailand was higher by 6% over previous year. Overall consumption of Flat products in 2018 was estimated at 11.68 mt, a growth of 6.1%. HR Coils/Sheets consumption in all categories is estimated at 6.85 mt, showing a growth of 6.6%.

G J Steel in 2018, sold and produced over 0.8 million ton of HR Coils in 2018, highest in recent years with an export of 32,000 t, highest in recent times. Monthly sales touched 90,000t in Aug'18 which enabled us to serve domestic customers better. Commencement of exports of HR Coils to Malaysia with SIRIM certification has been strategic initiative for the company to re-establish its quality products globally.

Company gave major thrust on improving the health of the equipment by clearing backlogs in maintenance in 2018 and operated the facilities both in off peak and partial peak period. Expenditure in maintenance was stepped up by about 50% over last year, reinforcing our commitment to ensure reliable operations. Capex schemes taken up to improve the cost efficiency, technological obsolesces, improvement in quality, product development, etc. and are at various stages of implementation. Efforts towards energy conservation; achieved lowest ever oxygen consumption at 36.89 nm³/t since inception, Natural gas consumption reduced to 1.05 nm³/t, lowest in past 10 years. Customer satisfaction also improved over previous year.

We are optimistic and remain committed to GJ growth story. We believe that growth potential remains intact, supported by a robust recovery plan in place. This include – amongst other strategy – taking up further new capex schemes with enhanced maintenance, development of value added steel – high tensile steel including for gas cylinder, CR grades, higher volume of thinner gauge, better management of supply chain and sources of financing and several others. We are confident to meet the expectations of all the stakeholders.

I would like to express my sincere thanks to our all esteemed stakeholders, GJ collective, customers, suppliers and the Royal Thai Government for their kind support and look forward to our shared successes ahead

With warm regards,

AP Choudhary
Chief Executive Officer

Reporting of Chief of Corporate Social Responsibility

G J Steel Public Company Limited is a producer and distributor of Hot Rolled Coil including steel melting, slab casting and hot rolling processes focus on the quality of production without disadvantaged people's hygiene including the community and social environment. The Company utilizes resources efficiently and worthily with energy and water saving and quality product to customer. Take care and fulfill the community to overall in society also take an attention to all employees for good safety, good wellness, good benefits including development of knowledge and skill in the organization.

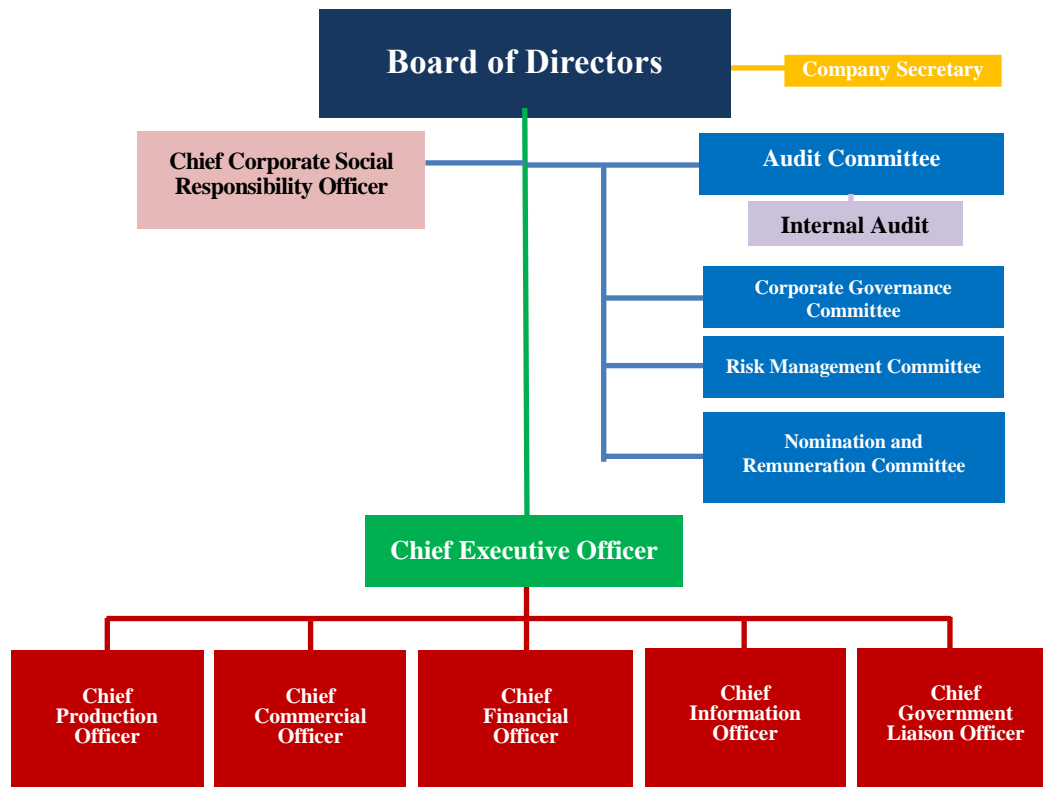


During 2018, the company has pass certified of Self-Assessment Report and pass the CSR DPIM Continuous Awards. The company has CSR activities both internal and external, for the internal activities, the company focus on social development, support the local cultures such as Blood donation, Songkran Festival. For the external activities, the company arrange activities with social development such as education support, cultural support, Buddhist lent day, Kathin Ceremony and alms canteen, Reforestation project, Donation useful items for children, Educational support for people with disabilities, invite shareholder to visit our plant to increase business reliability and making an agreement of Memorandum of Understanding for Research & Development with University.

GJ Steel Public Company Limited, aim to make the organization being responsible to employees, society, community and environment with cooperation from the board of director, management team and employees who are determined and dedicative to support and sacrifice for social responsibility.

Khunying Patama Leeswadtrakul
Chief of Corporate Social Responsibility

Organization Chart



Board of Directors



Dr. Somsak Leeswadtrakul
Senior Advisor to the Board



Mr. Chainarong Monthienvichienchai
Chairman of the Board of Directors
and Independent Director



Assoc. Prof. Niputh Jitprasonk
Chairman of Audit Committee
and Independent Director



Mr. Stephen Karl Stewart
Independent Director
and Audit Committee Member



Mr. Yingsak Jenratha
Independent Director
and Audit Committee Member



Mr. Yanyong Kurovat
Director
Authorized Director of the Company



Mr. Somchai Leeswadtrakul
Director
Authorized Director of the Company



Miss Soontareeya Wongsirikul
Director
Authorized Director of the Company



Mr. Richard Jim Yee
Director



Mr. Andreas Rizal Vourloumis
Director



Mr. Sudhir Maheshwari
Director



Mr. Amrendra Prasad Choudhary
Director
Chief Executive Officer



Miss Pannee Tanaprateepkul
Company Secretary

The Executives



**Khunying Patama
Leeswadtrakul**
Chief of Corporate Social
Responsibility



**Mr. Amrendra Prasad
Choudhary**
Chief Executive Officer



**Mr. Somchai
Leeswadtrakul**
Chief Government Liaison



**Miss Soontareeya
Wongsirikul**
Chief Financial Officer



**Mr. Sittisak
Leeswadtrakul**
Chief Production Officer



**Mr. Tushar
Kanti Sahu**
Chief Commercial Officer



**Miss Methikan
Chutipongsiri**
Chief Information Officer

Board of Directors



Mr. Chainarong Monthienvichienchai

74 years

Current position

Chairman of the Board of Directors and
Independent Director

Date of Appointment

30 August 2017

No. of years in position

1 year 4 months

Education / Training

Education

- M.A. (Management), Asian Institute of Management
- B.A. (Business Administration), Chulalongkorn University

Director Training

- Institute of Business and Industrial Development (IBID) (No. 5/2018), Global Business Industrial Development and Investment Program
- Role of the Chairman Program (RCP) 43/2018, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) 2004, Thai Institute of Directors (IOD)

Positions in other listed companies

2000 to Present

Director, G Steel Public Company Limited

2013 to August 2017

Independent Director and Audit Committee Member,
G Steel Public Company Limited

Positions in other non-listed companies

2014 to Present

Chairman of the Board of Directors,
Salan Development Co. Ltd.

2007 to Present

Chairman of the Board of Trustees, Saint John's
University

2002 to Present

Director, Arnoma Hotel Bangkok Co., Ltd.



Assoc. Prof. Niputh Jitprasonk

75 years

Current position

Independent Director and Chairman of Audit Committee
Chairman of Nomination and Remuneration Committee
Chairman of Risk Management Committee
Corporate Governance Committee Member

Date of Appointment

2 June 2008

No. of years in position

10 years 6 months

Education

- Master Degree of MBA in International Trade and Finance, Gothenburg School of Economics and Business Administration, Sweden
- Bachelor of Arts (Hon., First Class) Faculty of Commerce and Accountancy, Thammasat University
- Certificate, Capital Market Academy Leadership Program, Class 2
- Thailand National Defence College (TNDC) 377
- Director Accreditation Program (DAP) (85/2007), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2011 to Present

Director, AIRA Capital Public Company Limited

2008 to Present

Consultant, Real Estate Business Program,
Thammasat University

Positions in other non-listed companies

None



Mr. Stephen Karl Stewart

68 years

Current position

Independent Director and Audit Committee Member
Chairman of Corporate Governance Committee
Risk Management Committee Member

Date of Appointment

30 August 2017

No. of years in position

1 year 4 months

Education

- MBA Pfeiffer University, North Carolina, USA
- Bachelor of Science, Wright State University, Dayton, Ohio, USA

Positions in other listed companies

None

Positions in other non-listed companies

August 2018 to Present

- Director, SK Capital Management Co., Ltd.

2016 to Present

- Director, Vorrawut Furniture and Décor Co., Ltd.
- Director, Bangarang Rehabilitation of Physical and Mental Fitness Center

2006 to 2015

- Executive Chairman of Air International Thermal Systems a Private Equity held company

Since 1977

- Vice President, General Manager of Emerson Asia Pacific
- Formerly 10 year BOD Kirloskar Copeland Pune, India
- Formerly BOD TATA Toyo Radiator Pune, India



Mr. Yingsak Jenratha

71 years

Current position

Independent Director and Audit Committee Member

Date of Appointment

26 June 2018

No. of years in position

6 months

Education / Training

Education

- Mini MBA, Kasetsart University, Thailand
- Bachelor of Art in Political Sciences, Chaingmai University, Thailand
- Operation Management Certificate from GIBA (Graduated Institute of Business Administration), Chulalongkorn University, Thailand

Director Training

- Role of the Nomination and Governance Committee (RNG) 8/2016, Thai Institute of Directors (IOD)
- Anti-Corruption for Executive Program (ACEP) 9/2014, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) 111/2014, Thai Institute of Directors (IOD)

Positions in other listed companies

2013 to Present

Independent Director and Audit Committee Member, Hana Microelectronics Public Co., Ltd.

Positions in other non-listed companies

2010 to 2011

Management Advisor, International Precision Product Co., Ltd.

2008 to 2009

Vice President and General Manager, Hana Microelectronics Co., Ltd. (Jiaxing), China



Mr. Yanyong Kurovat

80 years

Current position

Director
Authorized Director of the Company

Date of Appointment

Since 2004

No. of years in position

14 years

Significant Designation in the past

January 2017 to August 2017

Chairman of the Board of Directors

Education / Training

Education

- Class 5, National Defense Course for Joint Private and Public Sectors, National Defense College
- Graduate Diploma in Government, Chulalongkorn University
- B.A. in Political Science, Chulalongkorn University
- Boardroom Success through Financing and Investment (BFI 4/2018), Thai Institute of Directors (IOD)
- Role of the Chairman Program (RCP 41/2017), Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Corporate Social Responsibility (CSR), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2017 to Present

Chairman of the Board of Directors,
G Steel Public Company Limited

2004 to 2017

Directors, G Steel Public Company Limited

Positions in other non-listed companies

2015 to Present

Honorary President,
The Association of Thai Hot Rolled Flat Steel

2007 to Present

Vice President, The Royal Automobile Association of
Thailand Under Royal Patronage of HM the King

2003 to Present

Advisor, AAS Auto Service Co., Ltd.

2009 to 2011

Town and Country Planning Board Member Ministry of
Interior

2003 to 2007

Chairman, General Election Committee, Pathumthani province

2000 to 2010

Managing Director Operation Group Co., Ltd

1996 to 2000

Director, Bangkok Mass Transit Authority (BMTA)



Mr. Somchai Leeswadtrakul

56 years

Current position

Director
Nomination and Remuneration Member
Chief Government Liaison
Authorized Director of the Company

Date of Appointment

9 July 2015

No. of years in position

3 years 5 months

Education / Training

Education

- M.A. in Political Science, Ramkhamhaeng University
- BAA., Northrop University, USA
- Business course, Columbus Business University, USA
- The Real Estate Executive Association of Chulalongkorn University
- Chief Executive of justice College of Justice Judicial training Institute Office of the Judiciary
- Director Certificate Program (DCP) (162/2012), Thai Institute of Directors (IOD)
- Bhumipapung Phandin Program Class 1, 2012, Chulalongkorn University

Director Training

Positions in other listed companies

2015 to Present

- Director, Nomination and Remuneration Member, G Steel Public Company Limited

2013 to Present

- Chief Government Liaison, G Steel Public Company Limited

Positions in other non-listed companies

None



Miss Soontareeya Wongsirikul

51 years

Current position

Director
Chief Financial Officer
Authorized Director of the Company
Risk Management Committee Member
Head of Compliance Division

Date of Appointment

20 March 2015

No. of years in position

3 years 9 months

Education / Training

Education

- Master of Business Administration (Finance),
Sasin Graduate Institute of Business
Administration, Chulalongkorn University
- Master of Science (Biotechnology),
Chulalongkorn University
- Bachelor of Science (Biotechnology),
King Mongkut's Institute of Technology Ladkrabang
- Strategic Financial Leadership Program (SFLP)
2018, Thai Listed Companies Association
- Strategic CFO in Capital Markets Program (5/2017),
The Stock Exchange of Thailand
- Ethical Leadership Program (ELP 2017),
Thai Institute of Directors (IOD)
- Director Certification Program (DCP 215/2015),
Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2015 to Present

- Director, Chief Financial Officer, and
Company Secretary, G Steel Public Company Limited

2005 to 2006

- Vice President - Corporate Banking, CIMB Thai
Bank Public Co., Ltd. (formerly, Bank Thai
Public Co., Ltd)

1996 to 2005

- Assistance Vice President - Corporate Banking,
United Overseas Bank (Thai) Public Co., Ltd.
(formerly, Bank of Asia Public Co., Ltd.)

Positions in other non-listed companies

- | | |
|--------------|---|
| 2012 to 2014 | - Intermediate Business Referrer for Thailand Market of Singapore (a Private Banking of OCBC group) |
| 2010 to 2012 | - Head of Corporate Banking, Oversea-Chinese Banking Corporation Ltd., Bangkok Branch |
| 2006 to 2010 | - Vice President - Commercial Banking, (Large Local Corporate Customers), Hong Kong and Shanghai Banking Corporation Ltd., Bangkok Branch |



Mr. Richard Jim Yee

49 years

Current position

Director

Corporate Governance Committee Member

Risk Management Committee Member

Date of Appointment

30 August 2017

No. of years in position

1 year 4 months

Education / Training

Education

- Master of Laws (Taxation),
New York University School of Law, USA
- Juris Doctor, Loyola Law School, USA
- Bachelor of Arts in Economics,
University of California, Berkeley, USA

Director Training

- Director Accreditation Program (DAP)
(146/2018), Thai Institute of Directors (IOD)

Positions in other listed companies

None

Positions in other non-listed companies

2015 to Present

Director, Jamestrong Investment Holding Limited

2014 to Present

General Counsel & Managing Director,
SSG Capital Management (Hong Kong) Limited

2009 to 2014

Managing Director & Chief Operating Officer,
ABAX Global Capital



Mr. Andreas Rizal Vourloumis

44 years

Current position

Director

Date of Appointment

30 August 2017

No. of years in position

1 year 4 months

Education / Training

Education

- Master of Science (Economic History),
London School of Economics and Political
Science
- Bachelor's degree in Economics, London
School of Economics and Political Science

Positions in other listed companies

None

Positions in other non-listed companies

2009 to Present

Partner and Co-Founder,
SSG Capital Management (Hong Kong) Limited



Mr. Sudhir Maheshwari

55 years

Current position

Director
Nomination and Remuneration Committee

Date of Appointment

30 August 2017

No. of years in position

1 year 4 months

Education / Training

Education

- Chartered Accountant,
Institute of Chartered Accountant India
- Company Secretary – Institute of Company
Secretaries of India
- Bachelor's degree (Honors) in Accounting and
Commerce, St. Xavier's

Positions in other listed companies

None

Positions in other non-listed companies

2015 to Present

Founder & Managing Partner, Synergy Capital

2008 to 2015

Managing Director, Mittal Investments

2006 to 2015

Member of Group Management Board / Alternate
Chairman of the Corporate Finance & Tax,
ArcelorMittal Group



Mr. Amrendra Prasad Choudhary

65 years

Current position

Director
Chief Executive Officer

Date of Appointment

31 October 2017

No. of years in position

1 Year 2 months

Education / Training

Education

- M.SC. Engineering, Design, Regional Engineering College Rourkela, Orissa, India
- B.SC. Engineering (Mechanical), MIT, Muzaffarpur, India
- Advance Management, Project Management, Costing, Energy Management

Positions in other listed companies

October 2017 to Present

Chief Executive Officer, G Steel Public Company Limited

Positions in other non-listed companies

2016 to 2017

Advisory Board Member, Synergy Capital, UK

2014 to 2017

Independent Director, RDF Power, ILFS

2015 to 2016

Member of "Governmental Task Force for MOU for energy sector"

2014 to 2015

Principal Advisor, NMDC flat product - CSP route steel plant

2011 to 2013

Chairman of Bird Group of Companies, Mining

2011 to 2013

Chairman, RINMOIL Ferro Alloys Pvt Ltd

2011 to 2013

Board Member of World Steel Association

2009 to 2013

Chairman-cum-Managing Director, CEO and Chairman of the Board of RINL, Director (Project), 7.3 MTPA Steel Plant

2008 to 2009

Executive Director, SAIL, 17 MTPA Steel Plant



Miss Pannee Tanaprateepkul

56 years

Current position

Company Secretary

Date of Appointment

20 March 2015

No. of years in position

3 years 9 months

Significant Designation in the past

2015 to April 2017

Chief Information Officer (Acting),
and Senior General Manager HR&Admin

2013 to 2015

Executive Vice President Purchasing

Education / Training

Education

- Master of Business Administration, Ramkhamhaeng University
- Bachelor of Business Administration (General Management), Sukhothai Thammathirat Open University
- Bachelor of Economics, Ramkhamhaeng University
- Fundamentals for Corporate Secretaries (1/2017), Thai Listed Companies Association
- Company Secretary Program (CSP) 2011, Thai Institute of Directors (IOD)

Secretary Training

Positions in other listed companies

2015 to Present

Senior General Manager HR&Admin,
G Steel Public Company Limited

2015 to April 2017

Chief Information Officer (Acting),
G Steel Public Company Limited

2013 to 2015

Executive Vice President Purchasing,
G Steel Public Company Limited

Positions in other non-listed companies

None

The Executives



Khunying Patama Leeswadtrakul

53 years

Current position

Chief Corporate Social Responsibility Officer

Date of Appointment

Since 2007

No. of years in position

11 years

Education / Training

Education

- Honorary Doctorate Degree of Liberal Arts, Rajamanagala University of Technology Phra Nakhon
- Honorary Doctorate Degree of Liberal Arts (Tourism Industry), Christian University of Thailand
- Honorary Doctorate in Music, Mahidol University
- Honorary Doctor of Philosophy (Management), Lampang Rajabhat University
- Honorary Doctorate in General Administration, Ramkhamhaeng University
- Master of Science (Human Resources Development), University of Manchester, England
- MBA., Ramkhamhaeng University
- B. Econ. Ramkhamhaeng University
- Wharton-NIDA Executive Leadership Program, University of Pennsylvania
- Leadership Program, Capital Market Academy, Class 5
- The Program of Senior Executive in Criminal Justice Administration, Class 16
- The Program of Senior Executive in Business and Industrial Development and Investment, Class 1
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- The Role of Chairman Program (RCP), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2003 to Present

Director, G Steel Public Company Limited

2007 to Present

Chief Corporate Social Responsibility Officer,
G Steel Public Company Limited

Positions in other non-listed companies

Present

- Director, Arnoma Hotel Bangkok Company Limited
- Chairperson, Homeland Loyalty Club
- Chairperson, Cultural Promotion Fund, Department of Cultural Promotion, Ministry of Culture
- Director, Ramathibodi Foundation under the Royal Patronage of HRH Princess Mahachakri Sirindhorn
- Individual Expert Member, Thailand Institute of Justice
- President, Thailand Philharmonic Orchestra
- Advisory Board Chairperson, Bangkok Opera Foundation
- Honorary President and Founder Thailand Choral Association
- President of the Badminton Association of Thailand under the Royal Patronage of HM the King
- Director, Foundation for Business and Industrial Development
- Senior Expert for Artists Promotion in the Minister of Culture's Working Group
- Honorary Advisor in the Commission on Sports Reform



Mr. Sittisak Leeswadtrakul

40 years

Current position

Chief Production Officer

Date of Appointment

3 May 2017

No. of years in position

1 year 7 months

Significant Designation in the past

2011 to May 2017

2014 to April 2017

2011 to 2014

Director

Chief Operation Officer, and

Executive Vice President - Marketing (Acting)

Executive Vice President - Marketing

Education / Training

Education

- Master of Business, Administration Program in Business Modeling and Analysis (International Program), Mahidol University
- Bachelor of Science (General Engineering), Queen Mary University (London), United Kingdom
- Executive Certificate in Strategy - Building and Sustaining Competitive Advantage, Harvard University, USA
- Executive Certificate in Management and Leadership, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Transforming Your Leadership Strategy, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Developing a Leading Edge Operations Strategy, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Fundamental of finance for the Technical Executive, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Strategic Cost Analysis for Managers, Massachusetts Institute of Technology, Cambridge, USA
- Advanced Corporate, Banking and Financial Services Law Program (ABFL Program), Ramkhamhaeng University
- Director Certification Program (DCP 163/2555), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

May to December 2017

Chief Production Officer, G Steel Public Company Limited

2014 to October 2017

Chief Operation Officer and Executive Vice President

- Marketing (Acting), G Steel Public Company Limited

Positions in other non-listed companies

2008 to 2011

- Senior officer, Steel Division,
Mitsui & Co.,(Thailand) Ltd.

- Business Assistant, Steel Division,
Mitsui & Co. Europe Plc.

2006 to 2008



Mr. Tushar Kanti Sahu

62 years

Current position

Chief Commercial Officer

Date of Appointment

3 May 2017

No. of years in position

1 years 7 months

Education / Training

Education

B. Sc (Hons)

MBA (International Marketing)

Training

Advanced Management Training at Indian Institute of Management, Kolkata (2010)

Specialised Training in Marketing skills, British Steel Training Institute, U.K. (1994),

Advanced Logistics Course, Indian Institute of Management, Ahmedabad (2006)

Positions in other listed companies

3 May 2017

Chief Commercial Officer,
G Steel Public Company Limited

2010 to 2016

Executive Director (Marketing),
Steel Authority of India Ltd. (SAIL), India

2016 to 2016

Director Commercial (Actg.),
Steel Authority of India Ltd. (SAIL), India

Positions in other non-listed companies

None



Miss Methikan Chutipongsiri

52 years

Current position

Chief Information Officer

Date of Appointment

31 October 2017

No. of years in position

1 year 2 months

Significant Designation in the past

May 2017 to October 2017

April 2015 to May 2017

July 2013 to March 2015

- Chief Administration Officer
- Senior General Manager - Procurement
- Commercial Controller

Education / Training

Education

- Master Degree of Business Administration, Chulalongkorn University
- Bachelor Degree of Science Program in Information Technology, King Mongkut's University of Technology Thonburi

Positions in other listed companies

May 2017 to Present

October 2015 to Present

2017 to Present

- Chief Administration Officer, G Steel Public Company Limited
- Director, G Steel Public Company Limited
- Director, Asia Metal Public Company Limited

Positions in other non-listed companies

None

Policy and Business Overview

Vision Mission Business Objectives

Vision

“Being the leading company in Thailand and the ASEAN region as a manufacturer of hot-rolled coils with high quality and efficient manufacturing processes”

Mission

- Towards the global market with a wide range of steel products
- Aim for growth by expanding its production capacity and costs reduction
- Improve and develop products to meet the needs of customers
- Continuous development of human resources
- Environmental conservation and return to society
- Enhance value for stakeholders
- Anti-Corruption and Corruption

Business Objectives:

2018 has been a better year for the world steel Industry in terms of production growth, though the growth rate was lower than the previous year. In terms of steel prices, world market decreased compared to the year 2017, especially during the later part of the year. For EAF route steel producers, the higher metallic cost in 2018 also led to an intense competition. World steel production grew by 4.6 % at 1,809 million tons, led by China at 928 million tons representing 51% in world steel production. Global steel market was showed a demand pick-up, whilst manufacturers benefited from higher steel price in the first few months of the year but got affected severely in later part of the year. Thailand also showed an increase of 4.79% in steel consumption during 2018; Long Products consumption increased by 2.1% and Flat products by 6.1%. Issues with surplus capacity and excess supply through imports in the industry persist. Major producers in China, Japan, Korea, Taiwan, Australia, and Egypt continue to export steel to Thailand resulting in intensifying competition in the steel industry in Thailand in 2018.

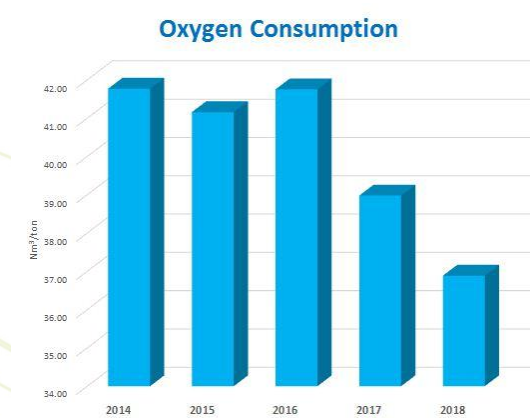
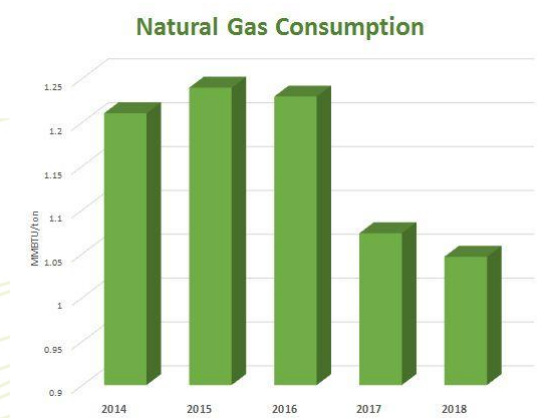
The steel demand in Thailand is forecast to increase to 18.7 – 19.0 million tons, a growth of 8% based on Government spending on various infrastructure projects including railway project during the year. It is expected that in 2018, Thailand steel industry will get support from construction industry (account for 55 to 60% steel demand) especially investing on economic area of Thailand, totally logistic system and investment on target industry.

The Company has plans to further improve the quality and add new grades in production as business objective to support customer's need. The Company has established good business relationship with the global steel producers for exchange technical knowledge for improvement to reduce the cost of production and increase quality.

Key Event in 2018

Parallel on restructuring from finance department to be taken

- Health of equipment improved by clearing backlog in maintenance, taking up capex schemes including long awaited infrastructure development; expenses stepped up by about 50 % over previous year and similar thrust continues.
- Plant operated in combination of off peak and partial on-peak mode to prepare the units for enhanced level of production and sales.
- Product mix was improved with increase in production of thinner gauge to 19.1%, over 40,000 ton of higher grade apart from SS400 and SPHC. Initiatives taken to produce various grades of high tensile steel and gas cylinder.
- Consumption of Natural gas, Carbon, Oxygen, Casting consumables and others got improved over previous years.
- Export commenced by the company and established its products in international market after a long gap.
- New financiers were added for having flexibility in financing for procurement of raw materials.
- Customers and supplier base broadened.
- Energy conservation: Company achieved lowest ever natural gas consumption at 1.05 nm³/t during last 10 years. Oxygen consumption as well brought down to lowest ever level to 36.89 nm³/t since inception



November 2018

The meeting of Board of Directors Meeting No. 9/2018 on 19 November 2018, has considered and approved the material matters in order to propose to the Extraordinary General Meeting of Shareholders No. 1/2019 to be held on 14 January 2019, for its consideration and approval the following key matters:

- Approved the transfer of legal reserve (Separate financial statements of the Company ended 30 September 2018) in the amount of THB 18,507,421.67 to compensate the retained losses (Separate financial statements of the Company ended 30 September 2018) in the amount of THB 18,507,421.67.

- Approved the reduction of the Company's registered capital by reducing the par value from THB 6.90 to THB 0.96, which thereby decreases the Company's registered capital from THB 129,298,350,418.50 to THB 17,989,335,710.40 and the Company's paid up capital from THB 96,104,091,707.70 to THB 13,371,004,063.68. In this regard, the decreased paid up capital from the par value reduction will be used to write off the discount on share capital in the amount of approximately THB 61,757,357,060.14 and write down accumulated losses in the amount of approximately THB 20,975,730,583.88, respectively as appeared in the separate financial statement of the Company ended 30 September 2018. After the writing down of accumulated losses, the Company will have the remaining accumulated losses of THB 23,023,481.28.
- Approved the reduction of the Company's registered capital by cancelling the authorized but unissued shares of the company in the amount of 1,957,748,965 shares, with a par value of THB 0.96 per share, from the existing registered capital of THB 17,989,335,710.40 to THB 16,109,896,704, prior to the increase of the Company's registered capital.
- Approved the increase of the Company's registered capital of THB 11,490,928,047.36 from the existing registered capital of THB 16,109,896,704.00 to THB 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of THB 0.96 per share (1) to existing shareholders of the Company in proportion to their respective shareholding (Rights Offering) and (2) to accommodate the right adjustment of GJS-W3 Warrant and GJS-W4 Warrant.

August 2018

The Board of Directors Meeting No. 6/2018 (“**Meeting**”), held on 10 August 2018 at 14.00 hours had reviewed and considered the qualification of Mr. Chainarong Monthienvichienchai, Chairman of the Board of Directors, and opined that he has qualification of independent director, which be in accordance with the criteria prescribed by the Capital Market Supervisory Board. The Meeting therefore, has approved the appointment of Mr. Chainarong Monthienvichienchai, as Chairman of the Board of Director and Independent Director of Company, with effect from 10 August 2018 onwards.

June 2018

The meeting of the Board of Directors No. 5/2018 held on 26 June 2018 at 14.00 hours, has considered and resolved to appoint Mr. Yingsak Jenratha, as an independent director and Audit Committee member of the Company in replacement of Prof. Dr. Narumon Saardchom, the resigned director, for the remaining term of her office, with effect from 26 June 2018 onwards.

Shareholding Structure

As of 31 December 2018, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	%
1.	Asia Credit Opportunities I (Mauritius) Limited	3,342,751,016	24.00
2.	G Steel Public Company Limited	2,122,427,209	15.24
3.	Nomura Singapore Limited-Customer Segregated Account	1,086,456,038	7.80
4.	Mrs. Jarunee Chinnawongvorakul	841,798,800	6.04
5.	Oceanwide Securities Company Limited A/C Client	480,768,667	3.45
6.	Superior Overseas (Thailand) Co., Ltd.	412,500,000	2.96
7.	GS Securities Holding Co., Ltd.	307,000,000	2.20
8.	Mr. Somchai Padpai	248,630,000	1.79
9.	Mr. Surapan Tatimaneeikul	215,725,300	1.55
10.	Thai NVDR Company Limited	148,887,447	1.07
11.	Minor shareholders	4,721,184,756	33.90
<u>Total</u>		<u>13,928,129,233</u>	<u>100.00</u>

Nature of Business

Revenue Structure

	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Turnover						
Hot-Rolled Coil (HRC)	29,876	98.99%	15,071	92.65%	11,648	99.11%
Tempered Hot Rolled Coil	33	0.11%	107	0.66%	22	0.18%
Other Incomes						
Interest Income	3	0.01%	9	0.06%	3	0.03%
Inventory and Raw Materials	36	0.12%	24	0.15%	14	0.12%
Net gain from write-off expired legal prescription	119	0.39%	0	0.00%	0	0.00%
Gain from Debt Restructuring	1	0.00%	734	4.51%	8	0.07%
Net foreign exchange again	105	0.35%	311	1.91%	54	0.46%
Other Incomes	6	0.02%	9	0.06%	5	0.04%

Sales Volume of the Company during the past 3 years with the following details:

(Unit: Ton)

Sales Volume (Only for the Company)	2018	2017	2016
Domestic Sales Volume			
- Related Companies	33,948	29,362	6,520
- Other Groups	<u>1,351,556</u>	<u>782,751</u>	<u>715,137</u>
Total Sales in Domestic	1,385,504	812,113	721,657
Foreign Countries	<u>61,967</u>	<u>-</u>	<u>315</u>
Total	<u>1,447,471</u>	<u>812,113</u>	<u>721,972</u>

Ratios of the domestic and foreign turnover per the total turnover of the hot-rolled coil of the company during the past 3 years with the following details:

(Unit: Million Baht)

Sales Income	2018		2017		2016	
	Income	%	Income	%	Income	%
Domestic	28,923	96.70%	15,181	100.02%	11,669	100.00%
Foreign	1,023	3.42%	0	0.00%	5	0.04%
Deduct: Trade Discount	<u>(36)</u>	<u>(0.12%)</u>	<u>(3)</u>	<u>(0.02%)</u>	<u>(5)</u>	<u>(0.04%)</u>
Total	<u>29,910</u>	<u>100.00%</u>	<u>15,178</u>	<u>100.00%</u>	<u>11,669</u>	<u>100.00%</u>

Product Characteristics

The Company has operated the business as the manufacturer of hot-rolled steel plate and related products, which can be divided into the product line as follows:

- 1) Hot Rolled Coil
- 2) Tempered Hot Rolled coil
- 3) Hot Rolled Pickled & Oiled Product

These products are used in the related industries as follows:

Type	Utilization
Hot Rolled Coil	Mechanical tube, electrical conduits, water pipe, construction, C-section, construction scaffold, electrical pole, gas cylinder, black steam pipe, product used in anti-corrosion from atmosphere and cold-rolled steel sheet.
Tempered Hot Rolled Coil	Agricultural tools, general construction and profile sheets.
Hot Rolled Pickled & Oiled Product	Chassis, wheel, compressor, refrigerator frame, microwave frame.

Marketing and Competitions

Expanding Products Range

The Company is continuously looking at opportunities to develop and improve its products range to have more diverse range in terms of thickness of steel such as expanding from maximum normal thickness at 12.70 mm upto thickness of 25 mm in form of coil. Also developing special quality grades that the market still has to depend on import, such as steel quality for Cold-Rolling, gas cylinder, welding and high-tensile steel.

The Company has a plan to improve the strategy on product development as follows:

1. To focus on products on demand of the market and of regular use.
2. To develop products to support the market not only for the general construction industry and Tube sector, but also for automobile and large construction industry, including the industries of household and electrical appliances.
3. To supply Hot-rolled steel Coils for production of cold-rolling and Galvanising steel.
4. To develop product with special thickness in the form of coil which is in the niche and the upscale market.

Pricing Strategies

1. The Company sets the price that is suitable for the general steel grades to be able to compete with the competitors and still can maintain the market share.
2. The Company improves the existing technology to help support low production cost to have the opportunity to enter new domestic and foreign markets.

3. The Company can produce goods with difference from the competitors on the quality and grade, so it can set the sales price that is higher.
4. The Company gives more information and confidence on the consumption of steel to the customer, including building good relations with the customers continuously.

Target Customer Groups

The customer target groups of the Company can be divided into three groups as follows:

1. Steel Service Centre is the buyers of hot-rolled and cold-rolled steel to cut to sizes and in turn for sales to the users.
2. Pipe Makers such as the steel pipe manufacturers for use in the pipe work, including production for export.
3. Direct Users such as the manufacturers of cold-rolled steel in the country, the manufacturers of auto parts and electrical appliances.

Channels of Distribution

For domestic sales the Company shall distribute its goods via the two channels as follows:

1. Direct Sales

The Company has a plan to distribute directly for the customer group of the steel service center is the manufacturers of steel pipe, Cold-Rolled Steel producers, auto parts and electrical appliances, which expected to have the ratio of 60 percent of the total domestic turnover.

2. Sales Through the Wholesalers

For other groups of the customers, which are the small customers and have numerous numbers, the Company shall distribute through the wholesalers, which can make the Company to reduce the expense on hiring the salesmen and the expense on marketing activities. Moreover, it is to shift the risk on credit in this group of customers to the wholesalers to be responsible for it. The Company expects to sell through this channel at the approximate ratio of 40 percent of the domestic turnover.

Company proposes to export its products in the international market to maintain domestic price and supply balance, bench mark its quality with best producers in the world, help build Company's profile globally.

Marketing Strategies

1. The Company's customers are in various industries such as the pipe manufacturing, the domestic and foreign cold-rolled manufacturers, the steel service center, the auto industry, the large construction projects with the demand to use special quality steel.
2. The Company has developed and improved the quality of its products all the time by investing in the tools for modernization to increase potential and quality improvement and reduce cost of the production.
3. The Company has sent the working team with capability and expertise on using steel in the various applications and give support on the knowledge on the steel with the customers in the various industries for safety and optimization on the use of steel suitably.

4. The Company has succeeded very much in building confidence in the delivery of the goods to the customers punctually, so the customers can plan and manage the inventory suitably.
5. The Company has given prioritization on the improvement and development of the goods and service of the Company regularly with a survey and listening to the opinion of the customers periodically, so the Company knows of the correct and suitable demand of the customers clearly.

Steel Industry situation

Thailand's 2018 steel industry situation

From statistical information obtained from the Iron and Steel Institute of Thailand (ISIT), the volume of finished steel production in Thailand from January to December 2018 totaled 7.11 million tons, up 3.36% compared to the previous year (2017). If categorized by product groups, long steel products represents 3.90 million tons, a decrease of 1.22% compared to the prior year attributable to the production of rebar and hot-rolled section declining by 3.21% compared to the prior year's 3.10 million tons whilst the production volume of flat steel products stood at 3.20 million tons, a growth of 9.54% compared to the prior year. The most produced product belongs to hot rolled sheet where, in 2018, it totaled 3.02 million tons, up 11.24%, followed by cold rolled sheet at 2.24 million tons, up 14.77% year on year and coated steel, at 1.68 million tons, a growth of 11.00% year on year.

Total Apparent Finished Steel (Unit : Tons)	2018	2017	% Change
Production	7,106,526	6,875,446	3.36
Import	12,051,411	11,325,592	6.41
Export	1,713,317	1,553,242	10.31
Consumption	17,444,620	16,647,796	4.79

Long Product Finished Steel Consumption (Unit : Tons)	2018	2017	% Change
Production	3,902,621	3,950,685	(1.22)
Import	2,921,191	2,614,408	11.73
Export	1,054,954	917,678	14.96
Consumption	5,768,858	5,647,415	2.15

Flat Product Finished Steel Consumption (Unit : Tons)	2018	2017	% Change
Production	3,203,905	2,924,761	9.54
Import	9,130,220	8,711,184	4.81
Export	658,363	635,564	3.59
Consumption	11,675,762	11,000,382	6.14

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The finished steel consumption in Thailand in 2018 stood at 17.44 million tons, increased by 4.79% year on year. If categorized by product group, long steel products increased 2.15% compared to the prior year, to 5.77 million tons whereas the consumption of flat steel products increased by 6.14% compared to the prior year, to 11.68 million tons. The most consumed steel category is hot rolled sheet, at 7.39 million tons followed by steel bar and hot rolled steel, at 5.54 million tons and coated steel at 4.25 million tons respectively.

Import of finished steel into Thailand in 2018 stood at 12.05 million tons, up 6.41% over the prior year. The highest imported product is hot rolled sheets at 4.26 million tons followed by coated steel at 2.76 million tons and cold rolled sheet at 1.70 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 69.08% against 30.92%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.71 million tons in 2018, up 10.31% year on year. The most exported steel products are structural steel, at 388,426 tons followed by rebar, at 223,707 tons.

Hot rolled steel sheet situation in Thailand in 2018

There is no upstream iron and steel industry in Thailand which starts with the melting of iron ore. As such, the structure of Thailand's iron and steel industry begins at the middle stream by melting steel scraps using electrical arc furnace (EAF) of local manufacturers. From there, the output are sent to the downstream production facilities, consisting of long steel products, for example, bar, HR section, wire rod, cold-drawn bar, steel wire, seamless pipes, etc. and flat steel products, for example, hot rolled plate, hot rolled sheet, cold rolled sheet, coated, cold-formed section, welded pipe, etc. From there, the output is distributed to connected industry comprising users of steel products. As for the state of hot rolled steel sheet industry in Thailand, the statistical information obtained from ISIT i.e. production volume, import volume, export volume and consumption volume during January to December 2018 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2018 totaled 3.20 million tons, rising by 9.54% over the prior year. It consists of hot rolled sheet at 3.02 million tons, an increase of 11.24% whereas the production of hot rolled plate down by 12.79% year on year, to 179,839 tons.

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	2018	2017	Change (%)
Production	3,203,905	2,924,761	9.54
Import	3,962,448	3,865,122	2.52
Export	73,977	10,322	616.71
Consumption	7,092,376	6,779,562	4.61

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	2018	2017	% Change
Production	179,839	206,205	(12.79)
Import	356,684	424,603	(16.00)
Export	18,268	1,655	1,003.68
Consumption	518,255	629,153	(17.63)

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	2018	2017	% Change
Production	3,024,066	2,718,556	11.24
Import	3,605,764	3,440,519	4.80
Export	55,709	8,667	542.80
Consumption	6,574,121	6,150,409	6.89

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The local consumption of hot rolled steel, both coil and sheet in 2018, stood at 7.09 million tons, up 4.61% consisting of HR sheet of 6.57 million tons, increased 6.89% and HR plate 518,255 tons, down 17.63%.

Import of hot rolled steel in 2018, both coil and sheet, increased 2.52%, to 3.96 million tons divided into hot rolled sheet of 3.61 million tons, increased 4.80% and hot rolled plate of 356,684 tons, down 16.00%.

Export of hot rolled steel in 2018, both coil and sheet, stood at 73,977 tons, increased 616.71% compared to the prior year, divided into hot rolled sheet of 55,709 tons, increased 542.80% from the same period last year and hot rolled plate of 18,268 tons, rising by 1,003.68% from last year.

Outlook of steel industry in Thailand in 2019

In 2018, steel prices in the world market have decreased compared to the year 2017 due to the economic slowdown in many countries. Especially the economic situation of China that is the world's number one steel producer and user including the impact of trade countermeasures on trade wars. As a result, the competition in the steel industry is becoming more intense, therefore the price level has decreased. The price of steel products in the world market in 2018 began to be noticeably slow in May and trend to decrease continually. The price of steel products in China and imported steel prices in Southeast Asia declined from May to December 2019. Prices of hot rolled steel and rebar dropped in line with the price of steel in China, which is the world's largest steel producer. While the Chinese economy is likely to slow down coupled with the fluctuations in global steel prices caused by the impact of the trade war, together with the price of raw materials that have declined, especially the

decline of the price of scrap from the beginning Year 2018 onwards until the end of the year. Scrap prices dropped by 17% compared to the beginning of the year. Thai steel industry in 2018 was also affected by trade war and world steel price volatility. While the demand for steel in China has not yet recovered. So it is expected that steelmakers in various countries and also Thailand will face competition from imported steel in 2019.

On outlook of steel industry, World Steel Association (WSA) anticipates the global demand for finished steel in 2019 is likely to grow by 1.4% to 1,681 million tons, as forecasted by the world steel demand for 2019 of various regions around the world, the demand trend has increased compared to the previous year. By the European Union (28 countries), the demand for finished steel products in 2019 is expected to grow at 1.7% to 169 million tons. The steel demand for The Commonwealth of Independent States (CIS) trend to grow 0.9%. While ASEAN expects the demand for finished steel products to grow by 6.2%, which the demand for finished steel will increase as compared to other regions, is approximately 78.3 million tons. Which is the result of investment in infrastructure and investment expansion to ASEAN countries, while Worldsteel anticipates the demand for finished steel products in China that is the world's largest steel producers and user, in 2019, the demand for finished steel has not expanded and is expected to be stable as in 2018.

According to the National Economic and Social Development Board (NESDB), GDP growth for the year 2018 is estimated at 3.5 – 4.5, supported by

1. Private consumption tends to keep its growth momentum, and correspondingly support the overall economic.
2. Investment tends to show a further improvement led by accelerated growth of public investment. Specifically, key public infrastructure projects have made significant progresses and entered into the construction phase.
3. A recovery in the tourism sector will contribute more to the overall economy.
4. Exports continue to exhibit a satisfactory growth and continually buttress economic performance.
5. Redirection of international trade, global manufacturing, and foreign investment will become more apparent, as a result of the trade protectionism and retaliation between the major advanced economies.

However, there are still important external factors need to be aware that may cause fluctuations in the global financial system consisting of

1. The global economy and financial system are likely to be vulnerable to fluctuations and lower-than-anticipated economic growth. Key risk factors include:
 - The uncertainty of trade protection and reciprocal retaliation, with additional US trade restrictions imposed on China and its other trade partners, including the EU and Japan and the possible extension of Chinese countermeasures. These aforementioned trade barriers would negatively affect trading-partner

economies, world trade volume, global economy, and Thai exports to grow slower than expected.

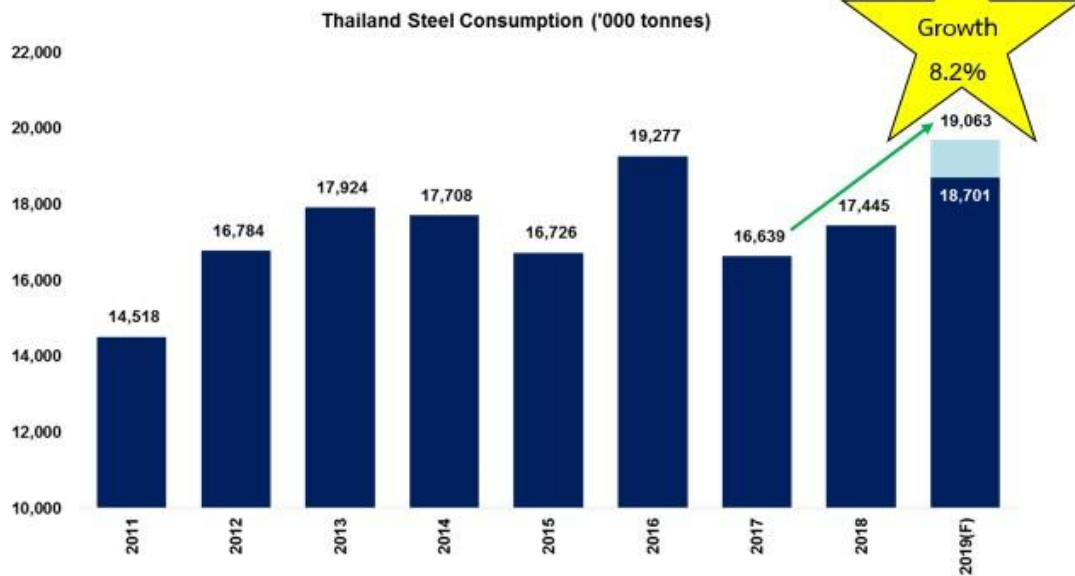
- The slowdown trend of the Chinese economy and the risk of instability from imbalanced economy, which might be aggravated by trade protection measures, together with capital movements and manufacturing relocation;
 - Economic stability issues in major developing countries (Turkey, Argentina, Brazil and South Africa) that may intensify during the US interest rate Is likely to increase continuously amid the global economic slowdown
 - The risk that the UK may not be able to reach an agreement on the exit from EU (No Deal Brexit);
 - Oil price volatility which remains upon the OPEC's decision on production capacity and the US's exemption on oil importers from Iran, as well as the unity of OPEC
2. The possible delay in the recovery of tourist arrival numbers.
 3. The global interest rates may rise faster than economic fundamental

As for Thai steel industry, ISIT has estimated the demand for steel in 2019 will be 18.7-19.0 million tons, an expansion of 8.2%, supported by the expansion of downstream industries using steel as the raw material such as the growth of the automobile industry, the expansion in packaging industry. Including the expansion of investment in large-scale infrastructure of the government in 2019, such as the dual-track railway construction project, High-speed rail project connecting 3 airports (Don Mueang – Suvarnabhumi - U-Tapao) and driving special economic development projects in the Eastern Seaboard. And many other transportation infrastructure projects. Which are based on the growth trends of various industries in the country, it is expected that the demand for steel in 2019 can continue to grow.

Forecasting impact to the Company in overall

And from forecasting demand for finished steel in the world and in the ASEAN region including Thailand that are still expanding under the expectation that the domestic economy continues to grow would inevitably support the business of the company as a hot-rolled steel producer. The company has focused on the fundamental factors in business operations and has a strategy to reduce the impact of various negative factors by focusing on reducing production costs and increasing sales continuously. The domestic market is the main target of the company. With efficient production to achieve operational excellence and able to deliver a variety of value-added products to meet the needs of customers. Which will help reduce imports of flat steel products in the country.

Thailand Apparent Steel Outlook in 2019



Assumption

In 2019 Construction will growth about 6-8% support by Public Construction and Private Construction. Automotive growth 3-5% production will be 2.2 million unit in 2019. Appliance growth 4-6% from Government spending stimulus measures and the trade war situation to be resolved after negotiations. But still have to follow closely. Packaging growth 3-5% support by the canned sea food growth 13.6% support by India will reduce their production it may the opportunities for export.

Source: DIE, Krungsri Research, NESDB, Electrical and electronics Institute (EEI), National food Institute (NFI), Machinery Intelligence Unit and forecasted by Iron and Steel Institute of Thailand (ISIT), February 2019

Source : Iron and Steel Institute of Thailand

Planning on the Production in the Business Operations

Since the hot-rolled product of the Company seems to have similarity with the product of the major shareholders is G Steel PCL, but in reality the product of hot-rolled steel Coils has great diversity in terms of grade (quality class) and size. If consider on similarity or overlap of the products being manufactured by both Companies, it is necessary to consider the details in the **three aspects as follows:**

1. Grade (quality class) according to the international standard and the tailor-made, which the plant of the Company and G Steel can produce hundreds of grade.
2. The widths produced by the plant of the Company and of G Steel ranging from 900 mm to 1,571 mm every 1 mm of different widths is the product that is the different altogether the total of 672 sizes.
3. The thicknesses or gauges produced by the Company and G Steel ranging from 1.20 mm to 25.00 mm, with each thickness of 0.05 mm is the unique product of the total thicknesses of 480 sizes. When the thickness and width of the product are multiplied shall derive of the product with altogether 268,800 different sizes. However, it does not consider the number of grades produced by hundreds of grades and not included the classification of the products as the basic or value-added products such as the skin-passed, pickled & oiled, etc. Thus, the actual production line has the different products that are not overlapped numerous numbers.

Nevertheless, both companies have planned joint marketing to avoid and reduce the overlap of the products by the Company focuses on production of hot-rolled steel with thin and wide and the thicknesses between 1.20-1.85 mm (it is the product range with the specially thin size) and between 13.00 – 25.00 mm (which is the special thickness range). Due to suitability of the production and technology of the Company that can produce the thin sheet better, while the production of G Steel mostly puts emphasis on the goods with the thickness from 1.90 mm, which is the benefit from the joint marketing planning. So both companies have better production efficiency and benefit from the economies of scale, including reducing the loss from the non-continuous production process that requires producing diverse goods.

In the future, the Company has planned on the development of the products for the galvanized and cold-rolled steel applications, which are value-added and the segment that has growth and large import. The production line of the Company has been designed to produce such products. Thus, the overlap of the products may be reduced in future.

Change in Shares held by Director and Executive in 2018

As of 31 December 2018

No.	name	position	No. of share(s) (Percentage (%))		
			31 December 2017	31 December 2018	Change Increase/ (Decrease) in 2018
1.	Mr. Chainarong Monthienvichienchai	Chairman of the Board of Directors	-	-	-
	Spouse or Minor children		-	-	-
2.	Assoc. Prof. Niputh Jitprasonk	Independent Director	-	-	-
	Spouse or Minor children		-	-	-
3.	Mr. Stephen Karl Stewart	Independent Director	-	-	-
	Spouse or Minor children		-	-	-
4.	Mr. Yingsak Jenratha ⁽¹⁾	Independent Director	-	-	-
	Spouse or Minor children		-	-	-
5.	Mr. Yanyong Kurovat	Director	-	-	-
	Spouse or Minor children		-	-	-
6.	Mr. Somchai Leeswadtrakul	Director	-	-	-
	Spouse or Minor children		-	-	-
7.	Miss Soontareeya Wongsirikul	Director	-	-	-
	Spouse or Minor children		-	-	-
8.	Mr. Richard Jim Yee	Director	-	-	-
	Spouse or Minor children		-	-	-
9.	Mr. Andreas Rizal Vourloumis	Director	-	-	-
	Spouse or Minor children		-	-	-
10.	Mr. Sudhir Maheshwari	Director	-	-	-
	Spouse or Minor children		-	-	-
11.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer	11,783,333 (0.08%)	15,440,953 (0.11%)	3,657,620
	Spouse or Minor children		-	-	-
12.	Mr. Amrendra Prasad Choudhary ⁽²⁾	Chief Executive Officer	-	-	-
	Spouse or Minor children		-	-	-
13.	Mr. Sittisak Leeswadtrakul	Chief Production Officer	-	-	-
	Spouse or Minor children		-	-	-
14.	Mr. Tushar Kanti Sahu	Chief Commercial Officer	-	-	-
	Spouse or Minor children		-	-	-
15.	Miss Methikan Chutipongsiri	Chief Information Officer	-	-	-
	Spouse or Minor children		-	-	-
16.	Miss Pannee Tanaprateepkul	Company Secretary	-	-	-
	Spouse or Minor children		-	-	-

Remarks:

- (1) The Meeting of Board of Directors No. 5/2018 held on 26 June 2018 has considered and resolved to appoint Mr. Yingsak Jenratha as an Independent Director and Audit Committee Member in replacement of Dr. Narumon Saardchom, the resigning director, with effect from 26 June 2018 onwards.
- (2) The Meeting of Board of Directors No. 4/2018 held on 10 May 2018 has considered and acknowledged the directors' resignation of Mr. Tobias Ernst Chun Damek as director of the Company, with effect from 9 May 2018 onwards, and approved the appointment of Mr. Amrendra Prasad Choudhary, Chief Executive Officer, as a director of Company in replacement of Mr. Tobias Ernst Chun Damek, the resigned director, for the remaining term of his office, with effect from 10 May 2018 onwards.
 * The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has acknowledged the resignation of Prof. Dr. Narumon Saardchom with effective from 2 April 2018 onwards.

Management Structure

As at 31 December 2018, the Company's Management Structure consists of the Board of Directors and 4 sub-committees namely the (1) Audit Committee, (2) Risk Management Committee, (3) Nomination and Remuneration Committee, and (4) Corporate Governance Committee. Details of the Committee's scope of authorities and responsibilities are as follows;

Board of Directors

Definition

Non-Executive Director means outside directors who are not the Company's executives or employees, nor executive directors, nor authorized directors

Executive Director means directors who are involved in routine operation and management as well as are authorized directors.

The Company's Board of Directors comprises of 11 members as follows:

	Name	Position
1.	Mr. Chainarong ⁽¹⁾ Monthienvichienchai	Chairman / Non-Executive Director
2.	Assoc. Prof. Niputh Jitprasonk	Independent Director/ Chairman of the Audit Committee
4.	Mr. Stephen Karl Stewart	Independent Director / Audit Committee Member
3.	Mr. Yingsak ⁽¹⁾ Jenratha	Independent Director / Audit Committee Member
5.	Mr. Yanyong Kurovat	Director / Executive Director
6.	Mr. Somchai Leeswadtrakul	Director / Executive Director
7.	Ms. Soontareeya Wongsirikul	Director / Executive Director
8.	Mr. Richard Jim Yee	Director / Non-Executive Director
9.	Mr. Amrendra ⁽²⁾ Prasad Choudhary	Director / Executive Director
10.	Mr. Andreas Rizal Vourloumis	Director / Non-Executive Director
11.	Mr. Sudhir Maheshwari	Director / Non-Executive Director

Remarks:

- (1) The Meeting of Board of Directors No. 5/2018 held on 26 June 2018 has considered and resolved to appoint Mr. Yingsak Jenratha as an Independent Director and Audit Committee Member in replacement of Dr. Narumon Saardchom, the resigning director, with effect from 26 June 2018 onwards.
- (2) The Meeting of Board of Directors No. 4/2018 held on 10 May 2018 has considered and acknowledged the directors' resignation of Mr. Tobias Ernst Chun Damek as director of the Company, with effect from 9 May 2018 onwards, and approved the appointment of Mr. Amrendra Prasad Choudhary, Chief Executive Officer, as a director of Company in replacement of Mr. Tobias Ernst Chun Damek, the resigned director, for the remaining term of his office, with effect from 10 May 2018 onwards.

**The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has acknowledged the resignation of Prof. Dr. Narumon Saardchom with effective from 2 April 2018 onwards.

Authorized Directors are as follow;

"Mr. Yanyong Kurovat or Ms. Soontareeya Wongsirikul or Mr. Somchai Leeswadtrakul, any two of these three directors to co-sign and affix the Company seal"

The Roles and Responsibilities of the Board of Directors

The Company's Board of Directors has the power and duties in accordance with the law and resolutions of the shareholders' meeting. However, the board cannot approve or consider anything except by approval of the majority vote of the attending directors of the board meeting on the following matters:

1. Investment on the equity or purchasing of the property of other business not in the case of buying or transferring the business of other companies or a private company to the Company.
2. Signing a joint investment with a partnership or other matters with other people with the objective to share the profit and loss.
3. Acquisition, disposal and transfer or permission to exercise the right or transferred right in the process, trademark, trade name, trade secret or other intellectual property in the same format of other people, not the normal trade.
4. Approval of the annual budget and expenditures of the Company.
5. Approval of construction of a new steel plant.
6. Lending/borrowing for other benefits, not the working capital with the amount not exceeding one hundred million US dollars (USD 100,000,000) or the equivalent in the baht currency.
7. Signing the contract with the term of one (1) year and up, or not the normal trade.
8. Execution of the right on the persons involved under the management agreement or the management advisory and technical assistance agreement.

However, in the case of any implementation on any matter that any directors or possible vested interests according to the notification of the Security and Exchange Commission (“SEC”) and/or the Stock Exchange of Thailand (“SET”) as stakeholders or conflict of interests, and the Company has designated it, so that director has no power to approve that matter. However, it is only for the overall benefit of the Company or the shareholders as priority.

(A) Independent Director

Definition

Independent director means director that have specifications as follows;

1. Hold not exceeding 0.5% of the total voting shares of the Company, its subsidiaries, nor being a major shareholder, affiliates or other juristic persons with possible conflict of interest, including the shares held by their related persons (under Section 258 of Securities and Exchange Act)
2. Neither involving in management, non-controlling, nor being the Company's executive/employees, salaried consultant, competent authorized person to control the Company, its subsidiaries, affiliates or other juristic person with possible conflict of interest at present and in the last 3 year before appointment.
3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling, and child, including spouse of the child, to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary, and be independent from major shareholders, executives and controlling persons.

4. Not being person who has, or used to have, business relationship with the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, by offering professional and trade service, according to the SET's requirement on connected transaction, except that he has no longer had such relation for at least 3 years.
5. Not be or used to be auditor of the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, and not being shareholder.
6. Not being a person who has been appointed as a representative of the Company's Director, major shareholders or shareholders who are related to the major shareholders.
7. Not having any characteristics which make him/her incapable in expressing independent opinions.
8. Be capable in protecting all shareholders' benefits equally and supervising in order to prohibit any conflict of interest between the Company and related persons, and able to attend the meetings of the Board of Directors in order to make a decision on significant issues.

Furthermore, this definition of independent directors has been revised so as to be stricter than that defined by the SEC.

Criteria in selecting independent director

The Company selects independent directors taking into account the knowledge, experience good understanding in related businesses, vision, as well as sufficient time to perform duty, also with the qualities as stated in the concerned government agencies' announcements, regulations and rules. The Company would invite qualified persons to be its independent directors. The Company considers that the aforementioned independent directors are able to exercise their knowledge and capability as well as provide opinions that are useful and appropriate to support the Company's business operation.

The Board of Directors comprises of the Chairman and independent director, 3 independent directors, 4 executive directors, and 3 non-executive directors, totaling 11 members. The Executive Directors are knowledgeable and able to provide in-depth comment regarding to steel industry as well as formulate strategic business plan, while non-executive and independent directors have good knowledge and understanding of the overall industrial sector, finance and banking, asset management, auditing, law, and others, so as to encourage creative opinion expression in the Board of Directors' meetings. The Board of Directors shall make decision for the best benefits of the Company.

(B) Audit Committee

Definition

Audit Committee Member means persons appointed by The Board of Directors or the Company's Shareholders. The Audit Committee members must be independent directors and not to be directors assigned by the Board of Directors to make decision on business operations of the Company, parent companies, subsidiaries, joint venture, similar subsidiaries, or any juristic persons that may have conflict of interest. They must be neither the director of parent companies, subsidiaries, joint venture, or similar subsidiaries. They must have qualifications and responsibilities as announced by SEC and as per the SET's Regulations on the qualifications and work scope of audit committee. They must also have sufficient knowledge and experience to review the reliability of the financial statements and perform other duties in the capacity as Audit Committee members.

The Board of Directors considered that all the Audit Committee members are qualified according to the Company's definition and comply with the SEC and the SET regulations. The Audit Committee Meeting also considered that Prof. Niputh Jitprasonk has good knowledge and expertise in accounting and finance, as well as long experience in auditing which is adequate to review the reliability of the financial statements. Therefore, the committee resolved to appoint Assoc. Prof. Niputh Jitprasonk as the Chairman of the Audit Committee, the biographies of who has been disclosed in the Audit Committee Member's Certificate of Biography submitted to the SET in 2008 according to the new regulation.

As at 31 December 2018, the Audit Committee comprises of the following 3 members, with 3 years term:

	Name	Position
1.	Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee
2.	Mr. Stephen Karl Stewart	Audit Committee Member
3.	Mr. Yingsak ⁽¹⁾ Jenratha	Audit Committee Member

Remarks:

- (1) The Meeting of Board of Directors No. 5/2018 held on 26 June 2018 has considered and resolved to appoint Mr. Yingsak Jenratha, as Independent Director and Audit Committee Member in replacement of Dr. Narumon Saardchom, the resigning director, with effect from 26 June 2018 onwards.

* The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has acknowledged the directors' resignation of Dr. Narumon Saardchom from the Independent Director and Audit Committee Member of the Company, with effect from 2 April 2018 onwards.

Responsibilities of the Audit Committee

- To review and ensure the Company has accurate and sufficient financial reports.
- To review and ensure the Company has appropriate and effective internal controls and internal audit systems, also, consider the independence of internal audit unit, give consent on appointing, rotating, and discharge of the chief of such unit or others responsible for internal audit.
- To review and ensure the Company's operation complies with the laws on securities and stock exchange, regulations of the SET or laws related to the Company's business.
- To consider, select and propose the nomination of independent persons to perform as the Company's external auditors as well as their remuneration, and to attend the meeting with the external auditors without the Management at least once a year.
- To consider any related transactions or transaction with possible conflict of interest to be compliance to the law and the SET's regulations, in order to ensure that such transactions are reasonable and for the best benefit of the Company.
- To prepare the report of the Audit Committee to be published in the Company's annual report. The Audit Committee's report shall be signed by the committee's chairman and consist of at least the following information:
 - Notes on the preparation procedures in relations to accuracy, sufficiency and reliability of the Company's financial report.
 - Notes on the sufficiency of internal control system.
 - Opinion on compliance with law related to securities and the stock exchange, the SET regulations or other laws related to the Company's business.
 - Opinion on the suitability of external auditors.
 - Opinion on transaction with possible conflict of interest.

- f) The number of audit committee meetings and the attendance of each member.
 - g) Overall opinion and notes that the Audit Committee receives from performing complying with the laws (Charter).
 - h) Any other reports that shareholders and investors should be informed under the scope of responsibilities assigned by the Board of Directors.
7. To review and ensure the Company's measurement in respect of conducting on the anti-corruption and bribery which are as apart of good corporate governance in accordance with a guideline of The Thai Institute of Directors Association (IOD).
 8. To carry out any other tasks assigned by the Board of Directors and agreed by the Audit Committee.
 9. To be accountable to the Board of Directors as per roles and responsibilities entrusted and shall report to it the performance, recommendations and findings at least twice a year.

In any case where any Audit Committee member or parties with possible conflict of interest, have conflict of interest with the Company or its affiliates, the acquisition or sale of assets of listed companies and connected transactions (if any), as per announcements of the SEC and/or the SET, the Audit Committee shall report the matter to the Board of Directors and/or the shareholders' meeting for consideration and approval in compliance with related law and regulations.

(C) Nomination and Remuneration Committee

Definition

Nomination and Remuneration Committee member means a person appointed by the Board of Directors as a member of the Nomination and Remuneration Committee. For the transparency and independence in performance of duties, the Chairman of the Nomination and Remuneration Committee shall be an independent director and no less than two-thirds of total number of the committee members shall be the independent directors. In addition, the committee member shall have sufficient knowledge and experience to nominate directors and senior executives of the Company and to conduct other duties as the nomination and remuneration committee member, provided that the qualifications of the committee member shall be prescribed by the Company and in accordance with the corporate governance principles prescribed by the Stock Exchange of Thailand (SET).

As at 31 December 2018, the Nomination and Remuneration Committee comprises of 4 members as follows:

	Name		Position
1.	Assoc. Prof. Niputh Jitprasonk		Chairman of Nomination and Remuneration Committee
2.	Mr. Stephen ⁽¹⁾	Karl Stewart	Nomination and Remuneration Committee Member
3.	Mr. Somchai	Leeswadtrakul	Nomination and Remuneration Committee Member
4.	Mr. Sudhir	Maheshwari	Nomination and Remuneration Committee Member

Remarks:

- (1) The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has resolved to appoint Mr. Stephen Karl Stewart, as the Nomination and Remuneration Member in replacement of Dr. Narumon Saardchom, with effect from 23 April 2018 onwards.

Responsibilities of the Nomination and Remuneration Committee

1. To formulate criteria and policy in nominating directors, members of different committees and the Chief Executive Officer.
2. To consider and nominate appropriate persons to be appointed as directors, and members of different committees as well as the Chief Executive Officer for approval by the Board of Directors and/or Shareholders' Meeting.
3. To stipulate all rules and policies on remunerations for the Board of Directors, committees and Chief Executive Officer for approval by the Board of Directors and/or, as the case may be, the Shareholders' Meeting.
4. To set necessary and appropriate annual remunerations for the Board of Directors, committees and the Chief Executive Officer.
5. To report to the Board of Directors the Nomination and Remuneration Committee meeting results or other matters the Board of Directors should be informed.
6. Other duties assigned by the Board of Directors.

(D) Corporate Governance Committee

Definition

Corporate Governance Committee member means a person appointed by the Board of Directors as a member of the Corporate Governance Committee. The Chairman of the Corporate Governance Committee shall be an independent director and have sufficient knowledge in relation to the compliance with the corporate governance principles for the purpose of the compliance with the corporate governance principles prescribed by the Stock Exchange of Thailand (SET).

As at 31 December 2018, the Corporate Governance Committee comprises of 4 members as follows:

	Name	Position
1.	Mr. Stephen ⁽¹⁾ Karl Stewart	Chairman of Corporate Governance Committee
2.	Assoc. Prof. Niputh Jitprasonk	Corporate Governance Committee Member
3.	Mr. Somchai ⁽¹⁾ Leeswadtrakul	Corporate Governance Committee Member
4.	Mr. Richard Jim Yee	Corporate Governance Committee Member

Remarks:

- (1) The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has resolved to appoint Mr. Stephen Karl Stewart, as the Chairman of Corporate Governance Committee, and Mr. Somchai Leeswadtrakul as Corporate Governance Committee Member, with effect from 23 April 2018 onwards.

Responsibilities of the Corporate Governance Committee

1. Propose and review the policy on the good governance of the company to the board of directors.
2. Develop and review the process or guidelines on good governance to present or recommend to the board of directors.
3. Follow up and request procedures are put into place so as to allow the committee to monitor the operations of the management to comply with the policies and guidelines on good governance of the company approved by the board.
4. Perform other duties as the board assigns related to the good governance.
5. Report on the operations about the supervision of the company to the board.

(E) Risk Management Committee

Definition

Risk Management Committee Members means a person appointed by the Company's Board of Directors to review system and evaluate effectiveness of risk management, and to report how the risk goes on as well as risk management method to the Audit Committee in specified duration so as for maximizing the benefit to the Company.

As at 31 December 2018, the Risk Management Committee comprises of 4 members as follows:

	Name	Position
1.	Assoc. Prof. Niputh ⁽¹⁾ Jitprasonk	Chairman of Risk Management Committee Member
2.	Mr. Stephen Karl Stewart	Risk Management Committee Member
3.	Ms. Soontareeya ⁽¹⁾ Wongsirikul	Risk Management Committee Member
4.	Mr. Richard Jim Yee	Risk Management Committee Member

Remarks:

- (1) The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has resolved to appoint Assoc. Prof. Niputh Jitprasonk, as the Chairman of Risk Management Committee, and Ms. Soontareeya Wongsirikul, as Risk Management Committee Member, with effect from 23 April 2018 onwards.

Responsibilities of the Risk Management Committee

1. To set risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least 1 times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items.
3. To report to the Internal Audit Committee any risk progress and risk management measures within the provided period for the best benefits of the Company.

Executives

As at 31 December 2018, the Company's Executives are as follows:

	Name	Position
1.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer
2.	Mr. Amrendra Prasad Choudhary	Chief Executive Officer
3.	Mr. Sittisak Leeswadtrakul	Chief Production Officer
4.	Mr. Tushar Kanti Sahu	Chief Commercial Officer
5.	Ms. Soontareeya Wongsirikul	Chief Financial Officer
6.	Mr. Somchai Leeswadtrakul	Chief Government Liaison Officer
7.	Ms. Methikan Chutipongsiri	Chief Administration Officer

Responsibilities of the Chief Executive Officer

1. To formulate business plan, investment plan, and annual budget plan for approval by the Executive Committee and/or the Board of Directors.
2. To perform the company's operation to comply with laws, objectives and the Article of Associations, business ethics and practical guidelines of directors, executives and employee including the resolution of the Board of Directors with integrity and circumspection to benefit to the company.
3. To be responsible for the overall management and to deliberate all the Company's policies to achieve the preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.
4. To approve an execution or payment according to the Company's authorization regulations or annual budget approved by the Board of Directors.
5. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities as well as appropriate remuneration. For the positions equivalent to Senior Vice President or higher to report to the Board of Directors, while for the positions equivalent to the Internal Audit Department executives, the proceeding shall be made with the Audit Committee's consideration.
6. To appoint respective authorized persons to sign the Company's document in the areas of accounting, finance, purchase, production, sales and general management, as well as other important document.
7. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management to be executed as per the Company's policies.
8. To appoint advisors in various aspects significant to the operations for the best benefits of the Company. The CEO is empowered to appoint attorney(s) to file lawsuit or defend case related to the Company.
9. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.

10. To report the Company's performance, progress of any projects and financial status to the Board of Directors.
11. To perform other works assigned by the Board of Directors.

In case that the CEO or other persons with possible conflict of interest, the CEO shall have no right to approve such matter.

The Selection of Directors, Chief Executive Officer and Executives

(1) The Selection of Directors and Chief Executive Officer

When the position of Company's directors or Chief Executive Officer is vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge, capability, and experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the Company's regulations.
2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
3. The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

(2) The nomination of directors (at the end of terms as required by law)

The selection of a Board of Directors member to replace director who must retire at the end of his/her term shall be approved by the Annual General Shareholder's Meeting and by majority vote of the shareholders present at the meeting. Criteria and selection method are as follows:

1. A shareholder shall have one vote per one share.
2. Each shareholder shall exercise all his/her voting right as mentioned above in selecting one or many person as directors but cannot separate votes for any person(s).
3. The persons receiving the highest votes will be selected as directors. The number of persons selected shall be equal to the number of directors to be selected. In case there are persons with the highest votes more than the number of directors required, the meeting chairman shall have the right to make decision.

In addition, in selecting new directors to replace vacant positions due to other reasons than end of term according to the law shall be approved by the Board of Directors' meeting and thus with no less than two-thirds of the votes of the remaining directors. The new directors who replace the vacant position shall be in the position for the remaining term of the vacant position.

In case directors resign, the Company's regulations allow the Board of Directors to appoint new directors as replacement.

(3) The selection of the Management

The Chief Executive Officer is authorized to nomination and appoints persons with appropriate qualifications in terms of education, knowledge, capability and business experience. The selection shall follow the Company's rules related to human resources management. For position equivalent to Senior Vice President or higher, the appointment of the person shall be reported to the Board of Directors for acknowledgement, while an appointment of positions equivalent to the Internal Audit Department executives shall be made with the Audit Committee's discretion.

Company Secretary

The Board of Directors Meeting No. 2/2015 held on 20 March 2015 appointed Ms. Pannee Tanaprateepkul to perform the duties of Company Secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

Responsibilities of the Company Secretary

1. To give basic advice to the Board of Directors on related laws, regulations and provisions of the Company in accordance with the good corporate governance practices, as well as follow up and monitor the compliance to be accurate and consistent.
2. To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the Company's regulations and practices, as well as complying with the good corporate governance policy of the Company and SET.
3. To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.
4. To provide and keep the following documents
 - a) Directors' Record
 - b) Invitation letters and minutes of the Board of Directors meetings, as well as the Company's annual report.
 - c) Invitation letters to shareholders for the meeting and the minutes.
5. To keep the conflict of interest report provided by directors or executives.
6. To support the Board of Directors' task as assigned.
7. To operate other tasks as specified by the SET's Capital Market Supervisory Board.

Remuneration for the Board of Directors and the Management

As for 2018, the remuneration committee meeting has considered the suitability with the burden, duty and responsibility assigned and compared with the compensation of the directors in the listed companies in the similar industry and business for the compensation. Including considering the overall operation results, business environment, so it resolved to set up the remuneration for the directors 2018 in the same rates as the year 2017 with details on it as follows:

Remuneration for the Board of Directors for year 2018

Position	Position Remuneration (Baht/Month)	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
Chairman of the Board of Directors	60,000	-	6,250
Director	-	20,000	5,000
Chairman of the Audit Committee	60,000	-	6,250
Audit Committee Member	-	20,000	5,000
Chairman of the Nomination and Remuneration Committee	-	-	6,250
Nomination and Remuneration Committee Member	-	-	5,000
Chairman of the Corporate Governance Committee	-	-	6,250
Corporate Governance Committee Member	-	-	5,000
Other	-	-	-

Remarks:

- (1) The directors holding executive position and receive salary shall not receive any of the remuneration stated in the above table.

Remuneration for individual Directors for year 2018

Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)					Total (Baht)
		Board of Directors	Audit Committee	Remuneration Committee	Risk Management Committee	Corporate Governance Committee	
1. Mr. Chainarong ⁽¹⁾ Monthienvichienchai	720,000	62,500	-	-	-	-	782,500
2. Assoc. Prof. Niputh Jitprasonk	720,000	40,000	31,250	6,250	5,000	6,250	808,750
3. Mr. Stephen ⁽¹⁾ Karl Stewart	240,000	10,000	25,000	-	5,000	6,250	321,250
4. Mr. Yingsak ⁽²⁾ Jenratha	140,000	25,000	15,000	-	-	-	180,000
5. Mr. Yanyong Kurovat	240,000	45,000	-	-	-	-	285,000
6. Mr. Somchai ⁽³⁾ Leeswadtrakul	-	-	-	-	-	-	-
7. Ms. Soontareeya ⁽³⁾ Wongsirikul	-	-	-	-	-	-	-
8. Mr. Richard ⁽⁴⁾ Jim Yee	-	-	-	-	-	-	-
9. Mr. Andreas ⁽⁴⁾ Rizal Vourloumis	-	-	-	-	-	-	-
10. Mr. Sudhir ⁽⁴⁾ Maheshwari	-	-	-	-	-	-	-
11. Mr. Amrendra ⁽³⁾ Prasad Choudhary	-	-	-	-	-	-	-
Total	2,060,000	217,500	71,250	6,250	10,000	12,500	2,377,500

Remarks:

- (1) Nomination and Remuneration Committee Member has been appointed by the resolution of the Meeting of Board of Directors No. 3/2018 held on 23 April 2018 as a director, with effect from 23 April 2018 onwards
- (2) Director has been appointed by the resolution of the Meeting of Board of Directors No. 5/2018 held on 26 June 2018 as a director, with effect from 26 June 2018 onwards
- (3) The directors holding executive position and receive salary shall not receive any of the remuneration stated in the above table.
- (4) The director(s) has tendered his intention not to receive position remuneration, monthly remuneration and meeting allowance.

*The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has acknowledged the resignation of Prof. Dr. Narumon Saardchom with effective from 2 April 2018 onwards. In this connection, Prof. Dr. Narumon Saardchom received position remuneration, monthly remuneration and meeting allowance in the amount of THB 75,000.

** The Meeting of Board of Directors No. 4/2018 held on 10 May 2018 has considered and acknowledged the directors' resignation of Mr. Tobias Ernst Chun Damek as director of the Company, with effect from 9 May 2018 onwards, and has tendered his intention not to receive position remuneration, monthly remuneration and meeting allowance.

Monetary remuneration of the Executives in the form of salaries and other payments

Unit : Thousand Baht	2018 (31 December 2018)	2017 (31 December 2017)
Salary	29	28
Employee Benefits	3	4
Provident Fund	1	1
<u>Total</u>	<u>33</u>	<u>33</u>

Remarks:

- (1) The remuneration of the Executives comprises of the remuneration for 6 executives.

Auditor's remuneration

The annual shareholders' meeting of year 2018 on 23 April 2018 approved the appointment A.M.T. & Associated to be the Company's auditor for the financial statements of year 2018 and determined the audit fee of THB 3,420,000.

Employees**Number of employees**

As of 31 December 2018, the Company has a total of 785 employees, which are separated under the following core divisions:

Division	Number of Employees
The Management	59
Personnel & General Administration	48
Accounting, Finance and Warehouse	66
Purchasing and Logistic	59
Sales and Marketing	5
Information for Management	10
Production	243
Planning and Product Development	37
Engineering and Maintenance	244
Health, Safety and the Environment	10
Internal Audit	1
Business Development	3
<u>Total</u>	<u>785</u>

Employee Compensation

As of 31 December 2018, details of total remuneration paid to employees of the Company are as the following:

Compensation	Amount (Million Baht)
Salary	382
Fringe Benefit	155
Contribution to the Provident Fund	22
<u>Total</u>	<u>559</u>

Good Corporate Governance

Through the year 2018, the Board of Directors has perpetuated the intentions to enhance the Good Corporate Governance (“CG”) in accordance with the international standards. The Board of Directors therefore applied the CG Self-Assessment for developing the Company’s governance system under the CG established by The Stock Exchange of Thailand (SET). The purposes of this are for the most efficiency of management system including priority given to the shareholders’ rights, equal treatment to shareholders, stakeholders’ roles, data disclosure and transparency, and responsibilities of the Board of Directors. All those are for protecting the shareholders’ interest.

In this connection, the Board of Directors has acknowledged the Corporate Governance Code for Listed Companies 2017 (“CG Code”) and was well awarded of the governing body to create value for sustainable business including reviewing, policy assessing and the implementation in relation to the Company’s corporate governance and each CG Code. The Board of Directors has assigned the Corporate Governance Committee or Company secretary to amend CG policy and Ethics of the Company as well as the directions in compliance with CG Code and adaptable to the rapid change of CG development.

In 2018, the Company’s CG practices were divided into 5 parts, as follows:

Part 1 Shareholders’ Rights

1.1 CG on Shareholders’ Right Protection Policy

The Company’s Board of Directors formulates the shareholders’ right protection policy in writing in 2006. The policy emphasizes on allowing shareholders to have equal rights to have access to the Company’s operational performance; and to participate in important decisions making, as well as protecting, promoting, encouraging but not to infringe shareholders’ rights. The policies are as follows:

Policy on shareholders’ right protection

1. The Board of Directors is responsible for protecting and respecting basic rights of the Company’s shareholders, such as right to purchase, sell or transfer shares, right to the Company’s profit sharing; right to obtain sufficient information about the Company’s operation, right to attend the shareholders’ meeting to appoint or terminate directors and independent auditors, allocate dividend payment, formulate or amend the provisions or Memorandum of Association, approve capital increase or decrease, and special items, etc.
2. The Board of Directors has duty to promote and support shareholders to exercise their rights in various areas at the Annual General Shareholders’ Meeting, i.e. the right to propose meeting agenda in advance, the right to nominate persons as directors, the right to submit questions to the Company prior to the annual shareholders’ meeting and the right to openly express opinions and ask questions at the shareholders’ meeting, etc.
3. The Board of Directors shall not take any action which may violate or limit, or infringe the shareholders’ right to study the Company’s information that shall be disclosed according to the related requirements, and the right to attend shareholders’ meeting; for example, not to distribute significant information document unexpectedly added, not to add agenda or amend the important data without advance notice to shareholders.

4. The Board of Directors has responsibility to facilitate the applying of the shareholders' rights such as giving the significant information, inviting the shareholders to visit factory, etc.

1.2 Allowing shareholders to study information prior to the shareholders' meeting

The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the Annual General Meeting of the Shareholders for the year 2018, the Company provided the shareholders with sufficient opportunity to study the information to the meeting date via the Company's website. Such information was also published in both Thai and English similar to the hard copy the Company submitted to shareholders.

1.3 Practice for shareholders before the shareholders' meeting, at the shareholders' meeting, and after the shareholders' meeting

To deliver to the documents of the Annual General Meeting of Shareholders ("Meeting"), the Company assigned the Thailand Securities Depository Company Limited (TSD), which is the Company's share registrar, to distribute the invitation to the Meeting to all shareholders 14 days prior to the Meeting date in order to provide shareholders with sufficient time to study the information. Such delivery period of meeting documents was more than that specified by the applicable laws.

At the Meeting, the Company facilitated shareholders to exercise their rights to attend the meeting by implementing a barcode system for registration and vote counting, as well as providing the revenue stamps for proxy authorization. The label of registered shareholder was provided for access convenience while meeting, without time loss to recheck their documents.

In addition, at the Meeting, for the purpose of transparency and good corporate governance imposed by Securities and Exchange Commission Thailand (SEC), the Company has invited shareholders to witness the vote-counting. There were no shareholders volunteered, but there was Mr. Supapong Tun-ngern, independent Legal Advisor, and Ms. Yaowarote Klinboon, legal advisor from Hunton Andrews Kurth (Thailand) Limited to witness the vote-counting.

Furthermore, the Company has informed the Meeting the number and ratio of attending shareholders either by themselves or by appointment of proxies, the procedures of vote-casting, vote-counting, including notification of voting result.

After the Meeting of the Shareholders for the year, the Company compiled the document, including agenda, meeting resolutions, voting results, questions and shareholders' opinion expressed at the meeting, so as to provide "The minutes of Annual General Meeting of the Shareholders for the year 2018" for publishing on the Company's website in compliance with the regulations of SEC and SET.

The Company provided upon requested the video of meeting atmosphere in soft file for publishing on the Company's website for shareholders who could not attend the meeting, apart from the minutes publicized in the channel of SET and the Company's website.

1.4 Preventing limitation of shareholders' rights to general information and information technology

Through publishing all information on the Company's website prior to the Annual General Meeting of the Shareholders, the Company's Board of Directors supported and not to infringe the shareholders' rights exercise while the Company did not distribute additional document containing significant information during the meeting, or add or change meeting agenda or amend significant information without advance notice. There has been no complaint from shareholders on this case.

1.5 Facilitating shareholders to exercise rights

The Company facilitated the shareholders and shareholders' proxy to register attending the meeting by implementing a barcode system for registration and vote counting as well as distributing voting ballots to the shareholders before meeting.

The Company clearly stated shareholders' meeting rules and process in the meeting invitation. The moderator of the meeting also informed the attending shareholders of the rule and voting process at the meeting. The shareholders' meeting minutes also included a record that the meeting was informed of the rules and voting process.

Moreover, the Company invited its shareholders to exercise their right to visit its factory. Regularly, the Company updates current information and data published on its website.

1.6 Providing time and opportunity for shareholders to express their opinions

The Chairman of the Board of Directors asked the meeting at the end of each agenda whether the shareholders ask questions related to the meeting agenda or related to the Company, whereby they could openly express their opinion. Any questions related to the meeting agenda or the Company together with shareholders' opinion as well as the answers or clarification made by the Board of Directors or the Company's management, were entirely recorded in the minutes.

The Company provided recording sound of the shareholders' meeting, and disclosed the significant matters arising during the meeting in the meeting minutes for reference in the future and enables shareholders who could not attend the meeting to follow up the meeting particulars.

1.7 Directors to attend the shareholders' meeting

With fully respect of shareholders' right, the attendance of all 10 Directors, including Chief Executive Officer, and Chief Financial Officer, comprised 11 members attended the Annual General Meeting of the Shareholders for the year 2018.

Part 2 Equitable treatment towards shareholders

2.1 Policy on facilitating the minor shareholders

The Board of Directors respected the equitable treatment to shareholders, and therefore the facilitation policy for minor shareholders was set as follows:

Policy on facilitating the minor shareholders

1. The Board of Directors has the duties to respect the shareholders' rights and treat them equally.

2. The Board of Directors has the duties to encourage and support the shareholders to exercise their rights in any respects for the annual general meeting of shareholders such as proposing an issue in the agenda in advance, nominating a person to be selectively director in advance, and submitting questions prior to the meeting, etc.
3. The Board of Directors has the duties to assist the shareholders in any respects such as supporting the shareholders to study information before making decision. For the voting, the Company supports the shareholders to authorize proxies by offering alternatives at least 1 independent director for the shareholders to authorize as their proxies.

2.2 Criteria to provide the minor shareholders the opportunity to propose in advance an issue in the agenda of the shareholders' meeting

The Company allowed and assisted any shareholders to propose in advance an issue in the meeting agenda by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the Annual General Meeting of Shareholders for the year 2018. The Board of Directors' Secretary was assigned to compile the meeting agenda and submitted to the independent directors for consideration. Basically, if the independent directors viewed such issue as proper, they shall propose to the Board of Directors. In 2018, none of shareholders proposed in advance any issue in the agenda. The criteria of proposing the agenda of the Annual General Meeting of Shareholders for the year 2018 were the followings:

1. The qualifications of shareholders entitled to propose issue for the annual general meeting of shareholders agenda shall be the shareholder holding not exceeding 0.5% of the total voting shares of the Company, maybe a sole shareholder or combined shareholders, holding continuingly such shares not less than 12 months from the holding date to the proposal date.
2. An issue shall be proposed through the "Agenda Proposal Form for the Annual General Meeting of Shareholders for the year 2018" with related complete and entire documents, to be submitted to the Company.
3. For an efficient AGM, the Company reserves its right not to include the following matters as the meeting agenda:
 - 1) Matters proposed by shareholders who are not qualified, as specified in criteria No. 1 or do not follow the procedures set forth by the Company in the criteria for shareholders to propose the Agenda of AGM.
 - 2) Matters as stipulated by laws for consideration at AGM, which have been pursued regularly by the Company.
 - 3) Matters relating to a normal course of business of the Company and matters already undertaken by the Company.
 - 4) Matters under the Company's management authority except ones causing material impacts on shareholders in general.
 - 5) Matters that shareholders already proposed in AGM within the past 12 months, and those under support by less than 10% of total voting shares, given that the factual events have not changed significantly.
 - 6) Matters unlikely to benefit the Company and matters previously submitted for consideration by other shareholders.
 - 7) Matters that violate applicable laws, rules, regulations of the government agencies or regulatory or involved agencies, or actions not in compliance with the objectives, Articles of Association and Statement of Business Conducts of the Company.
 - 8) Matters that are beyond the authority of the Company.

4. The Company's independent directors considered and screened the issues proposed by shareholders prior to submit to the Board of Directors. The Company would notify the consideration result after the meeting of the Board of Directors. The approved issues would be included in the agenda attached to the invitation to the Annual General Meeting of Shareholders for the year 2018.

2.3 Consider not to add an issue in the shareholders' meeting agenda

The Board of Directors complied with the policy on monitoring the shareholders' rights. In shareholder meeting, the Board of Directors strictly conducted the meeting in line with the agenda and did not distribute any additional documents suddenly, or add any issue in the agenda or change any significant information without advance notice.

2.4 Criteria to provide the minor shareholders to nominate person for director position

The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the Annual General Meeting of Shareholders for the year 2018. The Board of Directors' Secretary was assigned to compile the accompanied information of the nominee's qualifications as well as his/her consent, and then submitted to the Nomination Committee to consider the qualifications of person nominated by the minor shareholders in accordance with the Company's nomination procedure. Generally, if the Nomination Committee viewed such person nominated as proper, it shall propose to the Board of Directors to consider and propose to the Annual General Meeting of Shareholders. In 2018, none of shareholders made nomination. The Criteria for the Nomination of Candidate for Directorship in the Annual General Meeting (AGM) Agenda are as follows:

1. Qualification of shareholder who has the right to nominate a qualified person as a candidate for the Company's directorship election must be the Company's shareholder holding continuously minimum of five percent of the total shares issued by the Company by one shareholder or several shareholders combined and shareholders must have held those shares continuously for at least 12 months by the date the shareholder nominates a qualified candidate.
2. Nomination of a qualified person as candidate for directorship, Shareholder fully qualified as in criteria No.1 can fill out the following forms:
 - 1) Form Nominated Qualified Candidate for Directorship in AGM 2018
 - 2) Form Personal Data on Qualified Candidate for Directorship in AGM 2018
 - 3) Letter of Consent from the Nominated Candidate for Directorship in AGM 2018

Together with other completed supplementary documents as required.
3. Candidate must have the qualifications in compliance with related laws and regulations as follows: Securities and Stock Exchange Commission, Thailand, The Stock Exchange of Thailand, The Public Company Limited Act B.E. 2535 and the Company's Memorandum of Association.
4. The above nominated candidate, together with complete supplementary documents, as required shall be scrutinized by the Nomination Committee according to the Nomination Process of the Company, before further submission to the Board of Directors for consideration. The Company will notify the Board of Director's (BOD) resolution after the BOD Meeting.

2.5 Encouraging the shareholders to use the Proxy Form

The Board of Directors encouraged the shareholders to use the Proxy Form in voting APPROVE, DISAPPROVE, ABSTAIN by providing the Proxy Form B. Besides, the Company provided the shareholders with the Proxy Form A (general Proxy Form) and the Proxy Form C (only for custodian) published on the website 14 days prior to the meeting date for download.

2.6 Encouraging the shareholders to vote

The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged 2 independent directors to attend the meeting and vote on behalf of the shareholders. An independent director is Mr. Chainarong Monthienvichienchai (Chairman of the Board of Directors and independent director) and Assoc. Prof. Niputh Jitprasonk (Chairman of the Audit Committee and independent director). Shareholders can appoint one of the two independent directors as their proxy.

2.7 Giving the shareholders opportunity to exercise right to appoint individual director

The Board of Directors encouraged the shareholders to use their voting rights by providing and distributing voting ballots at the registration before meeting. Voting ballots were provided for each issue of the agenda, such as dividend payment approval, independent auditor remuneration, and individual director appointment. The vote counting was recorded in the minutes of each meeting for transparency and reference in case of objection later.

2.8 Measures to prevent directors, executives, and employees from using the internal information for own benefits

The Board of Directors stipulated the measures to prevent the directors, executives, and employees from using the internal information for their or others' benefits in the Code of Conduct covering the use of internal information for stock trading, the conflict of interest, and the confidentiality of information. The measures were notified through the business ethics, training, and the Company's website. Besides, the secretary of the Board of Directors was assigned to notify the rules in data disclosure and monitor that the Board of Directors and executives report their asset possession including the disclosure of the conflict of interest and connected transaction between directors and executives.

Part 3 Roles of stakeholders

3.1 Good Corporate Governance policy related to stakeholders

The Company respected and gave priority to all groups stakeholders' rights, not only particular to the applicable laws. In the past year, the Company newly considered indicating the stakeholders and established the additional policy and measure on monitoring the stakeholders in accordance with the Good Corporate Governance (CG) and CSR policy simultaneously adhered to conduct. The stakeholders of the Company shall be divided in 10 groups, as follows:

1. Employees and families
2. Customers and creditors
3. Shareholders

4. Community around factory
5. Government agencies
6. Suppliers and contractors
7. Financial institutes, analysts, and investors
8. Scholars
9. Educational institutions
10. Mass media

Part 4 Information disclosure and transparency

4.1 Results of the execution of good corporate governance policy

Last year, the Company accurately, adequately, timely and transparently disclosed the financial and non-financial information required by the SEC and SET through SET's online system and the Company's website. The Company has never been punished by the SEC or SET for not disclosing the information as required. Also, the Company regularly appraises the efficiency of information disclosure process and strictly follows the regulations.

Moreover, the Company published and regularly updated all significant information submitted to the SET and other current information on its website as well as provided all shareholders and stakeholders with such information both in Thai and English so as for equal access to the information.

4.2 Remuneration for the directors and the management

The Nomination and Remuneration Committee formulated the policy on remuneration for directors, Chief Executive Officer and top executives as follows;

Policy on remuneration for directors, Chief Executive Officer and top executives

1. Remuneration of the Company's directors, Chief Executive Officer and top executives shall be set in accordance with their duty, scope of responsibility, fairness and attractiveness, which should be compared to those for directors in other listed companies in the same industry and similar size, including the Company's performance, business surroundings, and overall economic conditions.
2. The Nomination and Remuneration Committee shall be responsible for initial consideration and propose for the approval of the Board of Directors and the Annual General Meeting of the Shareholders the maximum remuneration of the year, position remuneration and meeting allowance.
3. The Nomination and Remuneration Committee shall comply with the resolution of the Annual General Meeting of the Shareholders on the remuneration budget and details which are also disclosed in the annual report. The remuneration that the directors received from positions in other companies, such as consultancy fee, and directorship in the Company's subsidiaries shall also be disclosed.
4. Any director who currently holds management position in the Company and receives the remuneration in the forms of monthly salary will not be entitled to receive the remuneration.

The Nomination and Remuneration Committee proposed to the Board of Directors and the Annual General Meeting of the Shareholders for the year 2018 to approve the remunerations for the non-executive and non-employee directors as shown in Remuneration for Directors and the Management Chapter. Any director being the subsidiary's director shall not be entitled to take any remuneration from such subsidiary.

4.3 Board of Directors' Report

The Company provided the Board of Directors' responsibility report on financial statements together with the independent auditor's report, as published in the annual report under the Board of Directors' Responsibility towards financial statements.

4.4 Roles and duties of the Board of Directors and Committees

In 2018, the Board of Directors managed the Company in compliance with legal framework, the Company's objectives, rules and regulations, as well as the resolution of the shareholders' meeting with honesty and discretion and for the best benefits of the shareholders. Besides, the Board of Directors appointed committees to assist the Board of Directors in studying details, in monitoring and supervising the Company's operations, as well as screening assigned tasks.

In the Annual General Meeting of shareholders 2018, there were directors, Chief Financial Officer, the Company's auditor, and legal advisor. Details of meeting attendance of Directors for year 2018 are as follows:

No.	Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Nomination and Remuneration Committee Meeting/ Attendance	The 2018 Annual General Meeting of shareholders / Attendance
1.	Mr. Chainarong Monthienvichienchai	10 / 10	-	-	✓
2.	Assoc. Prof. Niputh Jitprasonk	8 / 10	5 / 5	2 / 2	✓
3.	Mr. Yingsak ⁽¹⁾ Jenratha	5 / 5	3 / 3	-	-
4.	Mr. Stephen ⁽²⁾ Karl Stewart	9 / 10	5 / 5	1 / 1	✓
5.	Mr. Yanyong Kurovat	9 / 10	-	-	✓
6.	Mr. Somchai Leeswadtrakul	9 / 10	-	2 / 2	✓
7.	Ms. Soontareeya Wongsirikul	10 / 10	-	-	✓
8.	Mr. Richard Jim Yee	7 / 10	-	-	✓
9.	Mr. Andreas ⁽²⁾ Rizal Vourloumis	8 / 10	-	-	✓
10.	Mr. Sudhir ⁽²⁾ Maheshwari	8 / 10	-	2 / 2	✓
11.	Mr. Amrendra ⁽³⁾ Prasad Choudhary	5 / 5	-	-	✓

Remarks:

- (1) The Meeting of Board of Directors No. 5/2018 held on 26 June 2018 has considered and resolved to appoint Mr. Yingsak Jenratha as director in replacement of resigning director, with effect from 26 June 2018 onwards.
- (2) The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has considered resolved to appoint Mr. Stephen Carl Stewart as the Nomination and Remuneration Member in replacement of resigning director, with effect from 23 April 2018 onwards.
- (3) The Meeting of Board of Directors No. 4/2018 held on 10 May 2018 has considered and acknowledged the directors' resignation of Mr. Tobias Ernst Chun Damek as director of the Company, with effect from 9 May 2018 onwards, and approved the appointment of Mr. Amrendra Prasad Choudhary, Chief Executive Officer, as a director of Company in replacement of Mr. Tobias Ernst Chun Damek, the resigned director, for the remaining term of his office, with effect from 10 May 2018 onwards.

*The Meeting of Board of Directors No. 3/2018 held on 23 April 2018 has acknowledged the resignation of Prof. Dr. Narumon Saardchom with effective from 2 April 2018 onwards.

4.5 Relationship with investors

The Company has a policy on significant information, including general information, to be disclosed properly, completely, reliably, sufficiently, timely, and transparently, including general information that may affect the Company's share price, assigning the Company's representative to communicate with the institute and individual investors as well as analysts and concerned government agencies. The Company's website (www.gjsteel.co.th) is used as a channel to distribute all information, such as the information regarding the Company, business, financial information, news that may affect investment decision, reports submitted to the SET, the Company's activities, and shareholders' meeting details, in order to enable shareholders to keep updated of the Company's movement and information.

Part 5 The Board of Directors' Responsibilities

5.1 Policy on Good Corporate Governance

The Company's Board of Directors is committed to directing the business in compliance with the good corporate governance which is beneficial and important to promote efficiency and transparency of the Company's operation, helping increase competitive advantages, and add long-term value to the shareholders. The Board of Directors and the Management have formulated good corporate governance practice and made them the Company's policy in writing. The Board of Directors approved the policy the essences of which are as follows:

1. Respecting shareholders' right including allowing them to propose agenda in advance for the shareholders' meeting, and nominating in advance persons to be elected as directors, etc., the Company shall not take any action which may infringe or limit the rights of shareholders.
2. Equitably and fairly treating all shareholders, investors, stakeholders and related parties.
3. Accurately, adequately, equitably, and timely disclosing information to shareholders, investors, stakeholders and related parties through appropriate channels, including website, to enable shareholders and related parties to have easy access to the information.
4. Performing its duties and responsibility in supervising and directing the operations of the Company with integrity, ethics and prudence to achieve the Company's goal and for the best benefits of the Company and its shareholders, as well as preventing conflict of interest.
5. Managing the Company with transparency under sufficient internal control and audit system.
6. Controlling and managing risks at the appropriate level.
7. Operating the Company with integrity and in compliance with laws and business ethics.

5.2 Structure of the Board of Directors

The Company managed the Board of Directors through the system "Check and Balance" and the policy of "Board Diversity". The Board of Directors comprises 11 members that have different qualifications, skills, experience and specialization being benefit to the Company, and ability to contribute their time and efforts to perform a duty to reinforce the Board of Directors. The Board of Directors shall select and appoint the committees in order to share its works for specific issues, as specified in the annual report under Management Structure.

The Board of Directors gives priority to transparency and therefore stipulated that the Board of Directors Chairman is an independent director and shall not be the same person as the Chief Executive Officer or President. The Board of Directors approved the definition of independent directors which is stricter than that required by SEC, for example, an independent director shall hold the shares not exceeding 0.5% in the Company.

The Board of Directors stipulated a formal and transparent process of director nomination which is free from influence from shareholders who have controlling authority. The Nomination Committee shall nominate directors by considering education, capability, experience, etc. in accordance with the scope of responsibilities of the Board of Directors or committees. The list of nominees will be proposed to the Board of Directors for consideration and appointment.

The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the Company's executives in various channels, including the annual report and the Company's website. There is no director holding directorships more than 5 listed companies. At a meeting of the Board of Directors, there must not be less than one half of the total number of directors present to form a quorum. In addition, the meeting schedule for year was provided to directors in advance annually in order for the directors' attendance availability.

5.3 Leadership and vision

The Board of Directors has strong leadership, vision and independence in making decision for the best benefit of the Company and its shareholders. Roles and responsibilities of the Board of Directors and the Management are clearly separated, i.e. the Management is responsible for compiling necessary information for the Board of Directors' consideration.

With a goal to ensure stable business with long-term sustainability and success, the Board of Director, in cooperation with the Management in reviewing and ensuring that vision and mission best address the changing environment, the business goals, business plan and budget are prepared by taking into consideration the maximum added value and long-term stability of the Company and its shareholders. The Board of Directors also directs the business and ensures that the business operation is efficiently executed by the Management.

The Board of Directors encourages good corporate governance within the organization and formulates good corporate governance practice, code of ethics, measures and approval procedure of connected transactions between the Company and related parties or persons who may have conflict of interest, as well as clearly separates the authority of shareholders from that of the Board of Directors, also that between the Board of Directors and the executives and other committees, in order to balance the power, and each other shall be independently examined.

5.4 Conflict of interest

The Board of Directors shall consider connected transactions that may cause conflict of interest between shareholders, directors and the Management, with best prudence, integrity, reasonableness and independence within good business ethic framework. It also discloses complete information for the best benefit of the Company. The Board of Directors shall strictly conform to the criteria and procedures or regulations set by SET whereby the Audit Committee shall provide information about the necessity and appropriateness of such transaction.

The Board of Directors has formulated measures and approval procedure of connected transactions between the Company and its subsidiaries or persons who may have conflict of interest. The persons who may have direct or indirect conflict of interest shall not be allowed to make decision on the matter. The Audit Committee is required to participate in the consideration and provide opinions on the necessity and reasonableness of the items proposed for the best benefits of the Company. The connected transactions are also required to be disclosed in the Notes to the Financial Statements prepared by using the generally accepted accounting principles published in the Annual Report.

5.5 Business ethics

The Board of Directors has prepared the Management and Employees' Code of Conduct for the Company's Management and employees to use as guideline in performing their duties and to strictly and consistently implement in terms of business operations, equitably with fair treatment towards stakeholders, including the matters related to conflict of interest, information confidentiality and possible fraudulent use of information, bribes, and gifts, including the anti-corruption. In this regard of the Code of Conduct, the Board of Directors assigned the Internal Audit Department to monitor and audit the implementation.

The Board of Directors itself intends to monitor and ensure that the Company's business operation, directors' ability to perform their duties, the Management's operation, and employees' work are within ethical framework in addition to the Company's regulations and related laws.

The Board of Directors has also formulated a policy requiring directors, executives and employees who are involved with inside information to avoid or not trade the Company's shares 1 month before the significant information, such as financial information which may affect the Company's share prices, is disclosed to the public.

5.6 Power balance of non-executive directors

The structure of the Company's Board of Directors comprises the Chairman who is an independent director and non-executive director, 4 independent directors, 3 non-executive directors and 4 executive directors, totaling 11 persons. The balance of power by non-executive directors is 64% which is over half the Board of Directors.

5.7 Integration or segregation of positions for managerial balance of power

The Board of Directors clearly divides scopes of roles and responsibilities among the Board of Directors, Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, as well as the Chief Executive Officer with a clear stipulation that the Chairman of the Board of Directors shall not be the same person as the Chairman of the Executive Committee or Chief Executive Officer and shall not have any relations with the Management, in order to prevent any executive to have unlimited power, and the managerial balance can be checked.

5.8 Committees

The Board of Directors appointed committees to assist it in monitoring and controlling the operations, as well as screening the assigned tasks. Roles, authorities, duties and responsibilities are clearly set. At present, there are 4 committees, each with different roles and scopes of responsibility, as specified in the Annual Report under Management Structure.

5.9 Roles and responsibilities of the Board of Directors

In the past year, the Board of Directors reviewed and approved significant operational matters and directed the Management to efficiently implement the policies and plans, including to effectively managing the budget.

Further to the Board of Directors having stipulated and approved the written good corporate governance policy, a review is to be made at least once a year.

The Board of Directors provided and distributed the Code of Conduct in writing to the new directors, executives and employees; and reviewed other ethics for the existing directors, executives and employees to understand ethical standards applied to its business operation. The Board of Directors assigned the Internal Audit Department to closely monitor the execution of such Code of Conduct.

The Board of Directors, having carefully studied and considered conflict of interest and connected transactions which may cause conflict of interest to the Company taking into account the shareholders' best benefits, found none of such items.

The Board of Directors provided a financial statement control and regulations implementation. The Internal Audit Department independently performed its duty in monitoring the implementation of these regulations as well as the control measures. It is at least once a year to review such control.

5.10 The Board of Directors' meeting

The Board of Directors convened at least 4 times a year and arranged the meeting in accordance with the Company's rules, the Public Limited Company Act B.E. 2535, and SET's regulations. The Chairman of the Board of Directors, in the capacity of the meeting chairman, would promote prudence in any consideration; provide sufficient time for the Management to present significant information and for directors to discuss the matter. Meeting minutes for every meeting was made for future reference and checking. It is the duty of the Board members to attend every meeting, except for a certain unavoidable case.

At the meeting of the Board of Directors of the beginning of the year 2018, the Company Secretary prepared meeting agenda and schedule for whole year for the Board of Directors to be able to schedule their time for the meetings.

In considering the number of meetings, the Board of Directors considered the duty and responsibility of the Board of Directors. The Company Secretary shall prepare the whole year meeting agenda and matters to be considered in each meeting in order to provide sufficient detailed information for the Board of Directors. For example, in the March meeting, the Board of Directors shall approve the annual financial statements, and schedule the annual general shareholders' meeting as well as set the date of the closing of the Company's registration book to suspend the share transfer, while the meetings in May, August and December are scheduled for reviewing and approving financial statements for the first, second and third quarters, then the December meeting is organized to consider budget for the following year.

In each meeting, the Company Secretary provided the agenda and related information and distributed them to the directors as soon as possible prior to the meeting.

The meetings were strictly held in compliance with the Company's rules and regulations, and the Public Limited Company Act B.E. 2535. The directors were given opportunity to discuss carefully the important problems. The Company Secretary and legal advisors attended the meeting and prepared the recording, so as for the minutes of the meeting, which included also the directors' questions and recommendation in the meeting for future reference and cross-checking.

In each meeting, the Chairman of the Board of Directors would conduct the meeting to last for 1-2 hours, which was sufficient for the Management to present the matters for consideration and for the directors to carefully and equally discuss the important issues. The Chairman of the Board of Directors encouraged the attending directors to use their best consideration. The Chairman also asked whether there was any question or other opinion on each issue of the agenda in every meeting.

5.11 Self-Assessment of the Board of Directors

For year 2018, the Company Secretary has prepared the "CG Self-Assessment for year 2018", and submitted to individual directors for considering his/her achievement and for resolving problems individually, as well as for the work efficiency improvement.

5.12 Remuneration for directors and executives

In 2018, The Nomination and Remuneration Committee resolved, in accordance with the scope of duty and responsibility assigned and at the same range as that offered to directors in listed companies of similar size and in the same industry, and also the Company's performance, business environment and economy as a whole, to propose to the Board of Directors and to the Shareholders in the Annual General Shareholders' Meeting to approve the total amount of the Directors' remuneration 2018 same as rates 2016 year.

5.13 Directors and executives development

The Board of Directors encouraged and provided the training courses to develop and educate the Company's directors and members of committees so as for the continuous improvement in performing their tasks.

The Company Secretary prepared Directors' guidebook with criteria on information disclosure, profile, shareholdings, changes in shareholding of directors, etc. and distributed to new directors. The secretary shall also invite new directors to visit the Company's plant to introduce to them the hot rolled coil business as well as the Company's business operations.

The Board of Directors has stipulated that the Chief Executive Officer and Presidents prepare a regular report for the Board of Directors to update on the development and succession plans in case they could not perform their duties.

The Board of Directors, in parallel to the succession plan, implemented the executive development plan by assigning the Chief Executive Officer to report progress of executive development plan undertaken during the year.

In 2018, details of Directors' attendance of training are as follows:

No.	Name and Position	Course	By Organization
1	Mr. Chainarong Monthienvichienchai, Chairman of the Board of Directors	Role of the Chairman Program (RCP 43/2018)	Thai Institute of Directors (IOD)

No.	Name and Position	Course	By Organization
2	Mr. Yanyong Kurovat, Director	Boardroom Success through Financing and Investment (BFI 4/2018)	Thai Institute of Directors (IOD)
3	Ms. Soontareeya Wongsirikul, Director and Chief Financial Officer	Strategic Financial Leadership Program (SFLP) 2018Ethical	Thai Listed Companies Association
4.	Mr. Richard Jim Yee	Director Accreditation Program (DAP) (146/2018),	Thai Institute of Directors (IOD)

Risk Factors

Production Risk

Risk factors to the Company's business that may materially affect its rates of return while its risk prevention guidelines can be summarized as follows:

Risk of Local Scrap Procurement

The scrap is the major raw materials for production of steel which company gets from both local and import sources. The local scrap was consumed at around 25 to 35% of total RM consumption depending upon process requirement and its availability. The company has a plan to buy a good quality of local scrap by expanding the vendor base of reliable and reputed supplier having own yard and processing facilities. This process will reduce the risk of non-availability and improve the reliability both in terms of quality. This is a continuous improvement effort from the company to mitigate the associated risk.

Import Scrap and Pig Iron

Risk

- Price and quantity depend on the world market situations affecting cost of production at times.
- The order must be placed 2-3 months in advance to maintain consistency in availability so there are risks on price fluctuation at the time of cargo arrival at the mill.
- The transportation sometimes takes over 30 days due to long voyage.
- Late delivery can be occurred affecting consistency in availability..
- There are possibilities of quality issues, weight loss, variance in specifications, etc. which gets found at the time of cargo arrival which leads to the claims/compensation

Protective and Corrective the Risk

- Tracking global market and follows up closely with the potential scrap suppliers/sources.
- Having optimum inventory for production with a focus on total cycle of procurement.
- Sourcing new reliable suppliers continuously including from new suppliers in nearby counties to leverage the transportation duration and can have less safety stock.
- Coordination with concerned agencies maintained in case of delayed delivery so that the readjustment of RM usage can be done in order to avoid stop production.
- Setting the safety stock level in order to avoid delay delivery or over stock.
- Specifying the claim conditions and compensation clearly in the sales/buying contracts.
- Stringent quality checks.

Risk of logistics management

The fuel price is one of the factors affecting transportation cost for delivery of the products to the customers and also operations for raw materials. Therefore, the company uses the transportation agencies by signing the long term contracts with more than one transportation companies. The price fluctuation is taken care by defining the price band with fluctuation of fuel prices.

Risk of Marketing and Distribution

Risk from product price volatility during the business downturn

Since the Company's products are used by related industries such as pipes and other infrastructure construction, the characteristics of which include upturn and downturn cycles, therefore, demands and prices of the Company's products will vary accordingly. Since this may affect the Company's future profit especially during the downturn, pricing volatility may affect its revenues in different periods and this could negatively affect its business, financial conditions, operation results, etc.

Besides, the Company's hot rolled coil can be used in several other industries. For example, cold rolled steel can be used in an automobile industry while galvanized steel and plates are widely used in various industries. However, with the Company's production efficiency and competitiveness, it expects that during the downturn where demands are less, it will be able to produce wider range of value added steel and also part quantity for exports. Company has already developed its export markets and would be expanding further..

In addition, the governmental supportive policies to enhance the domestic steel industry also is a welcome steps to mitigate part of the risks. These measure helps in reducing import of hot rolled coils and the gradual improvement on the domestic prices at optimum level.

All efforts are made by the company to neutralize the impact of lowering in price due to volatility in the market by optimizing purchase cost of RM, reducing cost of production, etc.

Financial Risk

Risk on foreign exchange fluctuation

The fluctuation of foreign exchange can directly affect the Company's cost and profit and loss as most of main raw materials, which are scraps and pig irons, were imported from overseas and paid in US Dollar, while the income is in Thai Baht. Even though the Company does not enter into hedging, forwards contracts, this risk is moderate as the selling price is referred to the world market price quoted in US Dollar. In addition, the Company started to do some export to other countries in US Dollar, this can also lowering the exposure of foreign exchange risk to the Company.

However, the liabilities of the Company in US Dollar is 5-year long term loan which the repayment is in the fourth and fifth year of the loan, thus, the foreign exchange fluctuation only affects in term of accounting basis, it does not affect the actual cash flow of the company.

Risks Concerning Environment and Personal

Risks from possible polluting production

The Company runs an industrial business of hot-rolled steel production, consisting of melting, casting and hot-rolling processes, which may cause pollutions in forms of air contamination, water contamination with metals, and the temperature of water outflows from the production line, high noise level etc. The Company has the protection systems for air pollution with dust collection system before discharging to the environment, water treatment for the cooling towers to treat the metals contaminated into the water outflows from the cooling towers. However, the said water outflows have not been disposed outside the plant, but reused in showering the hot metal slag and all evaporated into the air. Trees have been grown in a zigzag pattern round the plant area as barriers to dust and noise. The said protection measures have currently complied with the environmental laws and requirements. Anyhow, the Company is exposed to the risk of missing detection of some pollution that may damage the environment, thus may lead to the Company's increase in expense of improving the damaged environment, or the Company's increase in the pollution detection and control to be compliant with the possibly more strict laws or requirements in the future, thus may incur The Company higher expenses. These also include any possible expenses from prosecution(s) on the discharged pollutions that the Company cannot reduce.

Moreover, the Company has appointed an environmental-specialized firm to inspect the plant's environment quality every 6 months by EIA requirements, and continuously presented the inspection reports to Office of Natural Resources and Environmental Policy and Planning, Department of Industrial Works, Industrial Estate Authority of Thailand, and Department of Primary Industries and Mining; the Company is thus certain that no troubles would arise from the said environmental matters.

Risks from business operations that may cause harms to the employees

The Company has run a heavy industry business that may cause harms to its employees from the melting, casting and hot-rolling processes, and transportation of heavy materials, so these may incur the Company higher expenses in prosecutions on claims for the injured, including fines, which may impact the Company's business, financial position and performance in the future.

The Company, however, has had Emergency Plan and Measures for Workplace Safety up to standard as accepted by the government agencies and private organizations concerned, as well as the certificates for OHSAS 18001 standard on the prevention or mitigation from the risks to accidents at work, illness due to work. Based on the past records, the Company's accident rates have been low since establishment, and there has been no claim on infringement to its employees.

Risks related to public policy and the relevant regulations.

Risks from Free Trade Agreement (FTA), which covers hot rolled steel products

Thailand is obliged to comply with the following steel trade agreements:

- The Japan-Thailand Economic Partnership Agreement (JTEPA) ended at the end of 2016, allowing Japan to export hot rolled steel products to Thailand without further quota restriction and import tariff has been reduced to zero since January 1, 2017 which affected the market opportunities and sell volume of the company.
- In addition, the Free Trade Agreement “ASEAN and China”, “ASEAN and Hong Kong”, “ASEAN and South Korea” and other free trade agreements. Currently, there is a requirement to exempt import tariff (zero) for other alloy steel products, stainless steel, high-speed steel and silicon steel for electrical works in coil, sheet and plate (which are not sufficiently produced for domestic demand) from the partner countries since the end of 2009 resulted in the exemption of import tariffs favoring producers and exporters from the partner countries intend to export to Thailand increasingly. The importation of other alloy steel products such as boron or chromium or other additives have increased steadily to compete with hot-rolled steel (Carbon steel) that can be produced domestically.
- The risk of free trade agreements (FTAs) covering hot rolled steel products and the risk from Unfair trade can be managed, controlled and mitigated by requesting the government to apply trade interests and remedies measures. Currently, Thailand has two applicable laws as follows.

1. Risk management by using Anti-dumping and Countervailing measures under the Anti-Dumping and Countervailing Act, 1999

Hot Rolled Steel Industry is a basic commodity for the development of the country and there are many large manufacturers around the world. So, under intense competition in the free trade world especially during the ongoing economic downturn for many years, the producers are struggling to survive by export the excess products to other countries in forms of price-dumping (ie, export selling price is cheaper than local selling price). As a result, the market price mechanism in importing countries has been distorted. It can be said that it destroys the market of domestic industry and leads to unfair competition. Therefore, anti-dumping policy is an important measure to alleviate the damage of the domestic steel industry and make fair trade to all parties.

In addition, the importers have been trying to circumvent from the anti-dumping measures to avoid paying additional anti-dumping duties on regular import tariffs. Make the measures ineffective and inefficient. Moreover, the countervailing measure is still lacking the sub-law so that cannot apply the measure at the moment.

The Department of Foreign Trade has proposed the amendment of this law to be effective enforcement by:

- Expand the scope to cover and prevent the circumvention of anti-dumping and countervailing measures.
- Increased the measures to control and collect anti-dumping and countervailing duty to be more effective.
- Legislation of sub-law for countervailing measures.

For Thailand, The Ministry of Commerce has implemented anti-dumping measures for hot rolled steel flat products as follows:

- Extension of anti-dumping measures for hot rolled steel flat products originating in the People's Republic of China and Malaysia for further 5 years, effective from June 23, 2017 to June 22, 2022.
- Extension of anti-dumping measures for hot rolled steel flat products - *boron added* originating in the People's Republic of China for a period of 5 years, effective from December 13, 2018 to December 12, 2023.
- Extension of the anti-dumping duty for hot rolled steel flat products imports from 14 countries for a further 5 years, effective from May 23, 2015 to May 22, 2020.
- Anti-dumping measures for hot rolled steel flat products originating in the Federal Republic of Brazil, Islamic Republic of Iran and the Republic of Turkey for a period of 5 years, effective from May 16, 2017 to May 15, 2022.
- Submitted an application to Department of Foreign Trade to consider the imposition of Anti-dumping measures for hot rolled steel flat products originating in Australia and Arab Republic of Egypt. DFT has launched its anti-dumping investigation and announced in the Royal Gazette on November 29, 2017. Later in November 7, 2018, DFT issued a draft of final result to terminate the investigation for such measure and arranged the public hearing to receive comments from stakeholders on November 27, 2018 to gather feedback for consideration prior to the announcement in the Government Gazette.

The use of anti-dumping measures by the government has resulted in a significant reduction of trade problems caused by dumping. Therefore, it can also support and protect local hot rolled steel industry from unfair trade.

Meanwhile, the company continues to monitor the dumping situation or in other ways that may arise from other countries to prevent the unfair trade that may occur to the hot rolled steel market in Thailand.

2. Risk management by using Safeguard Measures

Over the years, after the government has imposed anti-dumping measures, the imports price of hot rolled steel flat products have increased overall and are more difficult to import. Importers and exporters have changed their import patterns by trying to find a way out of enforcing anti-dumping measures by imported other alloy steel instead by adding only a small portion of alloy on the surface that is possible to change the Harmonized Code for imported or imported hot rolled steel

flat products with a width of more than 1,550 mm. This would result in the avoidance of current anti-dumping measures and also benefits from the reduction of import duties under the FTA as mentioned above. Imports of such products have increased steadily in recent years. This is a major cause of the impact on the domestic hot rolled steel manufacturers as well as the company. Therefore, the company has cooperated with other hot rolled steel manufacturers in the country filling a request to The Ministry of Commerce, consider of such effect and consider introducing safeguard measures to protect against increased imports to address the problem. At the moment, Ministry of Commerce has imposed safeguard measures for hot rolled steel flat products as follows;

- Safeguard measures for hot rolled steel flat products with alloy (Coil, Sheet, and Plate). Effective since February 2013 for a period of 3 years and has expired at the end of the February 2019 and renew the measure for another 3 years, it will continue to impose from February 27, 2016 - February 26, 2019.
 - In addition, the company cooperated with other local manufacturers submitted an application to Department of Foreign Trade to consider the extension of Safeguard measures for hot rolled steel flat products with alloy (Coil, Sheet, and Plate) for another 3 years (2019-2021). Later in January 11, 2019, DFT issued a draft of final result to terminate the extension for such measure and arranged the public hearing to receive comments from stakeholders on January 29, 2019 to gather feedback for consideration prior to the announcement in the Government Gazette.
 - Although the company is at risk of termination of Safeguard measures for hot rolled steel flat products with alloy (Coil, Sheet, and Plate), the company and other domestic manufacturers have worked together to track the progress with Ministry of Commerce in order to issue the counter measures to circumvent from the anti-dumping measures and subsidies (*Anti-Circumvention and Countervailing duty*) to replace the safeguard measures which will be expired end of February 2019. Once the AC and CVD are effective, domestic industry are able to apply counter-measures to those circumvent products from China under anti-dumping measures for hot rolled steel flat products - *boron added* originating in the People's Republic of China. Thus, this can reduce the amount of imported HRC alloy from China that circumvents the import tax and AD duty.
- Safeguard measures for hot rolled steel flat products with non-alloy (Coil, Sheet, and Plate - Width > 1,550 mm.). Effective from June 2014 onwards for a period of 3 years, and extended the measure by end of June 2016 for another 3 years, it will continue to impose from June 7, 2017 - June 6, 2020.

The safeguard measures have contributed to help hot rolled steel industry in Thailand. It also alleviates the problem and help domestic manufacturers to adjust to compete with imported products.

Risks from price control by the government

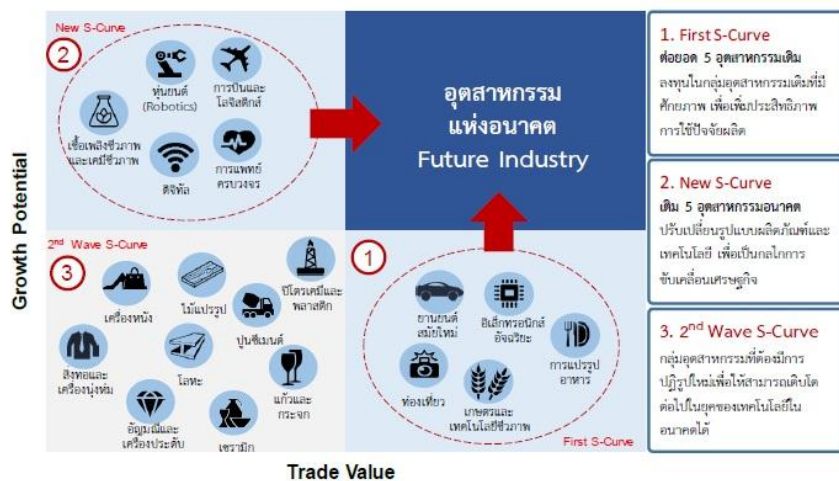
Throughout the year 2560, hot rolled steel product is one of many items controlled by the Ministry of Commerce. In practice, it tracks the volume and price movements of domestic products. The company also cooperated with the Department of Internal Trade to provide information on products and prices. In case of each hot rolled steel manufacturer including the company would like to adjust the price of the product, must informing the Department of Internal Trade and provide all the details as requested or in case of Ministry of Commerce applies price fixation measure for consumer goods or commodities. This may affect the ability to generate revenue and profit slightly some time in the future. It can be said that the company has low risk in price control by the government.

However, when the company needs to raise prices to the required level, the details of raw material cost and production cost can be clarified in line with the actual sales price, which is reasonable and can be further increased.

Risks from government policies that affect business operations and revenues of the company

The Company operates in the steel industry, a major industrial base of the country. There is an enormous amount of investment and have hundreds of employment rates. Therefore, government policies may affect the operation or performance of the company.

ยุทธศาสตร์การพัฒนาอุตสาหกรรมไทย 4.0 ระยะ 20 ปี (พ.ศ. 2560 - 2579)



รูปที่ 1-7 การปรับโครงสร้างอุตสาหกรรมไทย

Source: Ministry of Industry

In October 2016, the Government announced the Strategic Plan for Thai Industrial Development 4.0 for a period of 20 years (2017 - 2036), targeting the future development of Thailand's industry by focus on Group 1, First S-Curve and Group 2, New S-Curve. However, the steel industry is in the third group (industries that should be reformed) which are high investment and difficult to change technology in production.

Therefore, the company and other steel manufacturers are necessary to reduce the risk by joining with building materials cluster, Machine cluster and the automotive cluster because steel is the raw material of these target industries. In order to reduce the risk of business operations that may be affected by the policy and to allow the steel industry for further development.

However, the Company is promoted by the Board of Investment and protected under the anti-dumping measures and safeguard measures. Therefore, the company may have a risk from business operations that may be affected if the government changes its policy. The company expects that changes in the policy regarding the Board of Investment will not affect the business operations because the company has already received the promotional certificates and is currently effective.

For anti-dumping measures, it is a policy that the government may consider canceling if there is justifiable reason but Ministry of Commerce is focusing on the steel industry, which is the basic industry of the country and providing assistance when the industry is facing problems. Therefore, the company believes that there is no risk in cancellation of anti-dumping measures in the future. However, the company has the potential to produce standardized products which able to compete with competitors in the market in case of fair trade competitive.

General Risks

Risks caused by disruption in operations due to uncontrollable factors

The Company might face the business risks caused by several uncontrollable factors, such as major breakdowns, industrial accidents, technical problems and faults, sabotage, natural disasters and terrorism,.

Though the above factors were uncontrollable, the Company was confident in protection and solution to restrain the problems from leveling up so much as to result in significant loss of revenue by, for instances, regular trainings for the employees to be skillful and specialized, continuous training for them with knowledge to safely operate the equipment and machines, as well as the security serviced by both the Company's employees and a hired professional security firm in charge and strictly monitor the entrances and exits 24 hours a day. And the Company has been insured for the losses of or damages to the properties in case of actions with bad will and all natural disasters. In the Labor Relations Committee, the Company has involved committee members from the employees' side and the employer's side, as well as the Corporate and Social Responsibilities Committee, as representatives who have taken care of the employees' proper and fair working conditions and welfares.

Supply of natural gas, oxygen and power are also sensitive to price escalation having impact on cost of production for the company for which company enters in long term contract with suitable escalation formula.

Risk Regarding Corruption

Risks caused by disruption in operations due to uncontrollable factors

The Company carries on the business of manufacturing and distributing Hot Rolled Coil both domestically and internationally, the factory located in Chonburi Province. By the nature of operations causing the company to contact the government agencies, accordingly such contact may result in a risk regarding corruption, such as payment of facilitation charges, payment of moneys to or calls for moneys by government officials in the case where the Company might have acted improperly or needs urgency etc., or a risk that may result from dishonest acts relating to cash or property, purchases or procurement, payment of salaries or labor fees, revenues and expenses included the information technology system. The Company has set up a risk management committee to make assessments and analyses and formulate measures to manage the risk in terms of both business and corruption and has also made available an efficient and effective system of internal control and audit.

Moreover, the Company has been certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) by the Thailand's Private Sector Collective Action Coalition against Corruption. This certification indicates its determination and intention to resist all forms of corruption and has prepared an anti-corruption policy, determining responsibilities and guidelines for appropriate action against corruption in all activities, and communicated the policy to directors, management, employees and both internal and external stakeholders so that it serves as guidelines for mutual practice of business with transparency.

Internal Control and Audit System

Internal Control

The Company have to provide the assessment of adequacy of internal control system, comprising the 5 sections: 1. Control Environment, 2. Risk Management, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. The Company's Board of Directors deems that the Company provides an adequacy of Internal Control. There is also has the Risk management Committee to review the system and evaluate the effectiveness of risk management throughout the year.

The Company not only has had sufficient internal control on its transactions related to the major shareholders, directors, executives or their related parties, but also its Board of Directors have encouraged the management to continuously improve the quality of the internal control to strengthen Good Corporate Governance.

The Risk Management Committee prepared an Assessment of Adequacy of Internal Control Questionnaire for the year 2018 to be responded by the Company's management, and was already reviewed by The Audit Committee.

Assessment of Adequacy of Internal Control System

The Board of Directors considered the assessment of the Company's adequacy of internal control for 2018, as described under of the following 5 sections:

Section 1 Control Environment

The Company's Board of Directors were responsible for directing the Company's business operations, setting business targets for short term (1 year), medium term (5 years) and long term (10 years), along with annual budgeting process, with periodical follow-ups, and also reviews or revisions on the business plan during the implementation in accordance with the situations over time, meanwhile brought to the Board of Directors for consideration and approval.

The Board of Directors has considered setting the target on the operations with circumspection and review that it can comply with the actual targets by analyzing the incentive and remuneration for its employees to be justified.

The Company has clearly defined its organizational structure, separating the administration into two parts, which are the production and maintenance functions, and the support functions, for the management's convenience and optimal efficiency in operations.

In 2018, the Company revised the Company's Business Code of Conduct, which laid out the ethical policy and business code of conduct and with regard to ethics for the management and employees to be prohibited from actions that would cause any conflicts of interest with the Company and its business partners, including establishing policies and practices guide in anti-corruption according to the company has adoption to the Thai Institute of Directors as a member of the Private Sector Collective Action Coalition against Corruption Program as well as the determination of penalties for violations.

The Company has made out the concise written policy and work procedures concerning financial transactions, procurement and general administration that have prevented frauds, also with authorization limits clearly stated.

The Company has continuously developed the information systems as a tool to control possible frauds as well.

To lay out the policy and action plans, the Company has taken fair treatment to the business partners into consideration, by stating the policy and practical principles in the Company's Business Code of Conduct for the management and employees to keep good relationship with all business partners, as well as a measure on treating the business partners honestly, equally, keep confidentiality, and prohibited to receive gifts from the business partners.

Section 2 Risk Management

The Company stipulated that the Management to have a meeting every week. Management of each area will present operation performance together with problem and risk facing in order to find solution and prevention

The Risk Management Committee will analyze and report progress of characteristics of risk and direction of risk management to maximize benefit to the Company.

The Risk Management Committee stipulated measures to appraise the efficiency of risk control in various areas and to reduce possible risks that may affect the Company's operation.

The Risk Management Committee has defined the Annual Risk Management Plan and assigned the Management to proceed with the actions in accordance with the Plan and then report back to the Risk Management Committee.

Section 3 Control Activities

The Company clearly separated the responsibilities of each function with work flow provided, clearly reviewed the regulation on approval authorization in financial and operational matters for the Management to manage the operations with most efficiency. The Company is aware of the importance of a good system of internal control because the good system will be well able to help prevent, administrate and manage a variety of risks or damages which may occur to the Company and its stakeholders.

The Company has determined the measure and procedure for related transactions, and the policy for conflicts of interest altogether in the codes of conduct for the management and employees, with assigning the internal audit department to continuously perform audits and report direct to Audit Committee. Moreover, the Company prohibits any interested parties from approving transactions that would lead to conflicts of interest. In decision making to approve any transactions, the Company mainly viewed the most benefits in a long run. If any transactions were likely to cause conflicts of interest, they had to be reported to Audit Committee or brought to Audit Committee for opinions, as the case may be.

The Company followed up the actions to be taken under the bound contracts and agreements continuously. The Company has had the measures to keep its operations in conformity to the laws to minimize its business risks by employing an external specialized legal counsel to help review documents and give consultation on several proceedings. The Company also has internal audit department to perform audits based on the rules, regulations and laws concerned.

Section 4 Information and Communication

The Company gives importance to the quality of information and communication systems that are crucial support to efficient internal control performance, with the following administrative guideline for information system:

In the Board of Directors' Meetings, Secretary to the Board and the management prepared documents and details of the important agenda for Board of Directors' consideration in advance as information for decision making. And if there were additional details afterwards, the Company provided them as supplemental meeting materials sent to the Board of Directors before or on the day of meeting.

The Company sent the Board of Directors' Meeting invitation letters and the minutes of the previous meetings together with the meeting materials to the Company's Directors for their information each meeting in advance, on average 7 days prior to the day of meeting.

The Company made out minutes of the Board of Directors' Meetings, recording the significant information as well as suggestions, comments and objections (if any), and brought the minutes to the Board of Directors for acceptance in the following meetings. Chairman of the Board gave chances to the Directors to independently rectify or add contents to the minutes.

The Company arranged storing places for accounting entries documents and important documents by category

The Company has applied the accounting policy of Generally Accepted Accounting Principles, under the control and audit by external certified auditors.

The Company has had proper internal communication systems and channels. In addition, the Company has provided the external interested parties with communication channels via its website and e-mail.

Section 5 Monitoring Activities

The management reported the performance results to Executive Committee and the Company's Board of Directors every quarter. In addition, the Company prepared the annual budget for the following year, and would use it as benchmark for the performance appraisal and make systematic comparative analysis report to the Board of Directors.

The Company arranged management meetings weekly to follow up operation results and comparison with the targets and discuss the ways for corrective actions in case the targets were not achieved. Moreover, the Project Committee was appointed to support the Company's targets aiming at development of the operational systems to control the operations as targeted.

The Company arranged for audits on conformity to the established internal control system regularly by the internal audit department making a yearly audit plan that covered finance, operations and the actions taken under the regulations and laws concerned to evaluate efficiency and effectiveness, and also to audit the conformity to the existing internal control system.

The audit result report and progress report. The internal audit department was assigned to report direct to the Audit Committee, follow up and evaluate the significant corrective actions in order to present to Audit Committee and the Board of Directors.

The Company has a policy that its management to have duty and responsibility to report to the Board of Directors regarding the decisions made that significantly affected or might affect the Company's reputation and financial position, including the problems found, such as frauds or illegal actions.

Related Transactions

The Company has transactions with person who may have conflict of interest for related transactions are transactions with the shareholders and/or the management of the Company that can summarize the relations as follows:

Name of Company and Person who may have Conflict of Interest	Nature of Relationships
G Steel PCL (“G Steel”)	Parent company
Oriental Access Co., Ltd. (“OAC”)	Subsidiary of G Steel
Siam Professional Holdings Co., Ltd.	Subsidiary of G Steel
GS Securities Holdings Co., Ltd.	Subsidiary of G Steel
GS Notes Holdings 2 Co., Ltd.	Subsidiary of G Steel (registered the dissolution of the company on 22 September 2017)
Asia Credit Opportunities I (Mauritius) Limited	Since 21 September 2017, major shareholders which is a wholly-owned subsidiary of SSG Capital Partners III, L.P.
Link Capital I (Mauritius) Limited	Since September 21, 2017, Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. (“SSG III”)
SSP Place Co., Ltd.	Common executive
Asia Metal PCL	Common shareholder and director of G Steel
Panichsawad Co., Ltd.	Directors related to major shareholders of G Steel
Arnoma Hotel Bangkok Co., Ltd.	Common director and executive
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Common executive
Mahachai Steel Center Co., Ltd.	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Related party of the shareholder of G Steel
M & L Steel Co., Ltd.	Related party of the shareholder of G Steel (registered the dissolution of the company on 23 April 2018)
The Steel PLC.	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd.	Related party of the shareholder of G Steel

Related transactions in 2018 and 2017 as detail below:**1. Transaction with G Steel PCL**

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Sales of raw materials and finished goods	273.20	-	The management is of the opinion that such transactions is under a normal business conditions in its operations, especially tolling service transaction is approved by the Company board of director's meeting No. 10/2017 on 6 November 2017
- Interest income	-	5.54	
- Purchase of raw materials	668.28	937.38	
- Tolling service	3,872.87	536.23	
- Short-term loan	94.00	94.00	
- Interest receivable	5.54	5.54	
- Trade accounts payable	5.85	122.89	
- Advance payment for raw material	-	166.96	

2. Transaction with Oriental Access Co., Ltd

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Financial costs	1.01	1.01	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Others payable	13.45	13.45	
- Accrued interest expenses	3.61	2.60	

3. Transaction with GS Security Holding Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Financial advisory services	0.22	1.59	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Financial costs	-	0.22	

4. Transaction with Link Capital I (Mauritius) Limited

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Financial costs	439.22	89.60	The management is of the opinion that such transactions are necessary and justified, including approved by the Company board of director's meeting under the approval of the Company board of audit committee and announcement through SET on 13 November 2017 whereby its purpose is for repayment its debts and for the Company's working capital, purchase of raw materials and increasing the capacity.
- Commitment fee	1.54	0.84	
- Short-term loan	1,239.36	1,476.20	
- Long-term loan	1,117.52	1,479.36	
- Interest payable	33.80	106.77	
- Other payable and accrued expenses	-	2.07	

5. Transaction with SSP Place Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Rental and service expenses	3.80	3.70	The management is of the opinion that the Company leases the office space for use in its operations in which the rate of office rental charged by SSP Place Ltd. is the same rental rate to the other lessees.
- Other payable	0.34	0.33	

6. Transaction with Asia Metal PCL

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Sales of finished goods	298.01	-	The management is of the opinion that such transactions is under a normal business conditions in its operations.

7. Transaction with Panichsawad Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Sales of finished goods	102.22	69.56	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Purchases of raw materials	-	103.03	

8. Transaction with Arnoma Hotel Bangkok Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Other expenses	0.34	0.83	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Other payable	-	0.15	

9. Transaction with Mahachai Steel Center Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Purchase of raw materials	15.49	1,224.45	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Trade accounts payable	-	66.30	
- Advance payment for purchase of raw materials	7.95	19.94	

10. Transaction with the Steel Plc.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Sales of finished goods	271.03	513.25	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Trade accounts receivable	-	0.41	
- Advance received from customers	-	4.29	

11. Transaction with Liberty Steel Siam Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Sales of finished goods - Purchase of raw materials	305.94 -	- 105.78	The management is of the opinion that such transactions is under a normal business conditions in its operations.

Measures or Procedures for Approval of the Related Transactions

The related transactions have to comply with the securities and exchange law and rules, notifications, orders or requirements of the SET and SEC. Those who may have a conflict of interest or have an interest of that related transactions, cannot vote in such transactions. The Board of Directors and the Audit Committee have to review and monitor the related transactions, while the management and/or the non-vested director shall proceed and make a decision on the related transactions. This does not include the transaction that is the normal course of business operations.

However, the procedure on approval of a related transaction shall comply with the Company's regulations by seeking an opinion from the audit committee to consider the necessity and justification and notify to or request an approval from the Board of Directors and/or the Company's shareholders. By means of it is required to consistent with the guidelines of the SET and the SEC for any making related transactions as a listed company. Moreover, the Company has a policy for the related transaction in the future which related to the normal business operation and lending as follows:

1. Normal business operation and supportive transaction in the normal course of business which is the general commercial conditions.

In the future the Company may has a transaction in the nature of the normal business and the supportive transaction in the normal course of business which is the general commercial conditions dealing with the person who may has a continuous conflict of interest in the future, e.g. sales and purchase of goods, lease of office or lease of place for organizing a seminar. The requirement on making the related transactions shall comply with the conditions on the normal commercial conditions likewise the general customers in the fair price.

2. Normal business operation and the supportive transaction in the normal business which is without the general commercial conditions, and the other related transactions.

In the future the Company may has a transaction in the nature of the normal business and the supportive transaction in the normal course of business which is without general commercial conditions, and the other related transactions dealing with the person who may has a continuous conflict of interest in the future, e.g. the transaction with the allies who providing the consultancy on the Company's strategy. The Company shall comply with the designated conditions in the contract strictly. In addition, if there is a related transaction in the future the Company has to follow the measures and procedures on approval of the related transactions. The Board of Company's Directors may not approve any transactions that they may have a conflict of interest in accordance with the specified scope of the authority of the board.

3. Lending

The Company has no policy on lending to other companies, including its allies who providing the consultancy on the Company's strategy. However, if it is necessary to proceed, the Company has to follow the measures and procedures on approval of the related transactions. The Board of Company's Directors shall not approve any transactions that they may have a conflict of interest in accordance with the specified scope of the authority of the board.

Due to both Company and major shareholder i.e. G Steel PLC ("G Steel") has the products in similar, therefore, in order to prevent the conflict of interest in the future, the management of the Company has set guidelines on the measures as follows:

1) Reduction the chance of the business competition between the Company and G Steel

The Management of the Company and of G Steel shall plan and prepare the guidelines on future business expansion in itself on the principal of its expertise, production process, the present of customer target group to be consistent with the trend on the product demand in the future of each customer group, avoid the redundant investment and encourage the economies of scale in term of both production and purchase of raw materials.

2) Independence of the Board of Directors and the management

Both Companies have its own independent Boards and Audit Committees to maintain the interest of the minor shareholders on both sides, and each company's management has a business policy to maintain an independent management approach.

3) Making related transaction in between the Company and G Steel

The Company has a policy to maintain the commercial arm's length basis in making any related transactions in between Company and G Steel. In case of there is a related transaction in between two Companies, it shall have a review process whether it is a transparency against with the auditor in order to be able to verify and comment on such related transactions and make a disclosure in the Company's financial statements in sufficiently.

Corporate Social Responsibility

Overall Policy

The company adheres to doing the operations on Corporate Social Responsibility (CSR) under the good governance principle and prioritization of the management of natural resources and the environment with sustainability. Khunying Patama Leeswadtrakul, chief CSR, is the responsible person to give support and promotion on the CSR operations for concrete continuity. She adheres to the policy on focusing the CSR from inside out. It means including taking care of the stakeholders such as the employees and their families, customers and creditors, shareholders, the surrounding communities, government agencies, suppliers and contractors, analysts, investors and financial institution, academics, educational institution and the media.

However, the company has implemented the CSR is based on the guidelines of “Being Thailand and ASEAN leading company in producing the highest standards of quality hot rolled steel achieved through the efficient manufacturing processes” and has the mission involved with responsibility towards society and the environment. It is “Preserve the environment and contribute to society”, “Enhance values to stakeholders” and “Cooperate to Anti-Corruption” which is the important mission leading to sustainability.

Policy on the CSR and the Environment

The organization adheres to the business with transparency, accountability, ethics, and respect of human rights, fair treatment of labor, anti-corruption, equity marketing and consumer protection as well as considering the impact on the stakeholders. Also it has determination on the operations with the responsibility for various impacts from the operations, including giving priority to the environment and promotion of participation and sustainable community development.

Implementation

The company has designated the policy, business ethics and practical guidelines, as well as punishment in the case involving the fair operations, relations with the involved stakeholders and the operations with a conflict of interest, including anti-corruption.

1. Supervision of the organization

It has the guidelines that all the employees have to perform the duty with integrity, ethical working, adhering to the bylaws of the company within the requirements, rules and various laws involved with its business operations strictly. It gives respect to the rights and interest of the stakeholders that it has relations. It also cooperates with a state agency or organizations that regulate the business of the company. Also it has to perform with circumspection, prudence and management of various resources among the personnel, finance, natural resources to have cost effectiveness and optimum benefit to the company and the public. Meanwhile, it can reveal information and review of the monitoring for transparency and accountability.

2. Human Rights

It has guidelines for all of its employees to respect and treat all the stakeholding groups with egalitarianism and equality based on the principle of respect to the human rights at the international level. They have the basic rights in livelihood and working, the right to expression and opinion, including the right to economics, society, culture, religion and politics without discrimination on racism, religion and no violation of the various rights, as well as no exploitation of all the groups of the stakeholders, including the groups that need special care such as children, women, disable persons, the elderly, etc. Moreover, it has to avoid participation in the offence on violation of the human rights directly and indirectly towards the internal and external units as well.

3. Fair Competition

It has a policy on business competition with fair marketing and protection of the consumers considering the impact on the stakeholders. It includes countering market dumping, anti-corruption of all forms. It shall be the impetus to make the company stronger and dynamic all the time. The management and all of its employees have to learn and develop themselves all the time and comply with the policy on fair competition strictly, no exploitation of the competitors by any means that is not fair and/or against the business ethical principle.

4. Relationship with its Employees

It has the policy to treat all of its employees with egalitarianism according to the principle of respect to the human rights at the international level. All of its employees shall treat their colleagues with respect and honor, dignity and the right to privacy. The company shall collect and keep the personal background of all its employees only the part is necessary for working as a legal requirement. It is considered as confidential. A disclosure can be made only in the case of legal requirement only. It shall open the opportunity for the employees at all levels can develop their skills and training to have an opportunity for advancement in the occupation on the basis of equality and without bias.

Furthermore, the company has measures on promotion of health, safety and the working environment with the management of the working environment to be safe, hygienic and fostering work with optimization. Also it shall provide knowledge to the employees on health and working safety, including providing a check-up for its employees annually.

5. Relationship with the Customers

The company has a policy of focusing on the relations and cooperation in the long term with the customers, by requiring the management and all the employees to treat the customers based on integrity, reliability and mutual trust with the priority is building maximum satisfaction to our customers with responsibility, attention and prioritization of the problems and demands by the customers and the following guidelines:

- 1) Adheres to presentation and delivery of the products meeting the standards and the quality coincides with the demand of the customers.
- 2) Adheres to the various conditions agreed to the customers at the best.
- 3) Offers the price and the conditions to the customers in the same group must be with the same conditions.
- 4) Gives truthful information to the customers on the qualification and quality of the products for building confidence and equity to our customers.
- 5) Be ready to answer the questions of our customers, including implementation on the complaints, advice and follow-up on the progress in various issues received from the customers.

6. Relationship with the Trade Partners

The company has a policy to build up good relationship with its suppliers/subcontractors by opening an opportunity to present goods/services with equal opportunity. The management and the relevant employees have to perform the job with honesty/loyalty, and the consideration and decision-making must be based on a comparison of quality of the goods/services, prices and conditions. It is based on the optimum benefit of the company in the short-term and long-term. Also it is prohibited from taking a bribe or any commissions from the trade partners, as well as disclosing or offering information of one or multiple trade partners to another trade partners directly and indirectly.

7. Relationship with the Local Community

The company has a policy of taking care of the locality, with the management and the employees to treat the local community nearby the plant with friendship and good relations with them by following these guidelines:

- 1) Treat the local community with respect on their right and has responsibility, open the opportunity for the local community to participate and the community development in various issues to have good livelihood as appropriate on education, culture, public health, economics, employment and income generation, etc. It includes no prejudice or hindrance on those groups that need special care such as children, women, the disabled persons, the elderly, etc.
- 2) Treat the local community with responsibility by solving their problems in case the consequential problems arise from the operations of the company fairly and with equality. It includes participation in the local community in solving other problems arise but not related to the operations of the company as appropriate.
- 3) Provide care and support activities with benefit on the society and cooperation with the public sector and various agencies in the locality with willingness and sacrifice for the benefit towards the locality.

8. Responsibility for the Environment

The company has the policy on the responsibility for the environment with the management and the employees jointly are responsible for taking care and improving the production process and the waste treatment system. It is to make sure it has the minimum impact on the environment and has to resolve it promptly and seriously with urgency upon receiving a complaint on the environment. It includes management of natural resources and the environment to have optimum efficiency.

9. A Conflict of Interest

It has guidelines for all the employees to work considering the maximum benefit of the company and the stakeholders, by not allowing the personal or family reason to influence the decision to distract the above principle. So it is not the characterization of seeking personal interest that is a conflict of interest of the company and its customers.

10. Use of Insider Information for securities trading

It has guidelines that all of its employees have to adhere and keep the insider information as a secret, because it is an important factor that the investors have to use in making their decision. Regardless of being the information on the operation results, the plans on a business expansion or other data, which if a person receives insider information and uses it to trade on the shares of the company, but it has not been revealed to the SET, it would be unfair to other investors, who do not know that information. So the company has a policy to prohibit it from using the insider information that is not disseminated to the public for trading of its shares.

11. Anti-Corruption and Bribery

The Company places an importance on the business operation with honest, taking responsibility for society and its stakeholders. The Company also adheres to the principles of good governance, Code of Conduct of the Company (“**Code of Conduct**”) for its business operation, including in compliance with requirements of laws strictly.

In order to comply with the Good Corporate Governance and with the Good Corporate Governance Standard generally acceptable for the listed companies, the meeting of Board of Directors No. 11/2017 on 13 November 2017 has considered and unanimously resolved to approve the Anti-Corruption Policy, announced and communicated with all directors, executives and employees of the Company for enhancing their knowledge and understanding of the importance of Anti-Corruption policy. As a result, all directors, executives and employees of the Company have been involved and recognized of the implementation of imposed practices and relevant regulations in the Company’s business operation.

In addition, as the Board of Directors had approved the Company to submit their Declaration of Intent to the Thailand’s Private Sector Collective Action against Corruption (“CAC”), and further approved for completing the CAC’s current 71-item self-evaluation checklist, and submitting reference e-documents to the Certification Committee (CER COM) of Thai Institute of Directors (“IOD”) as the secretary of CAC. On Tuesday, 6 November 2018, the Company has received the letter from IOD informing the meeting of CER COM No. 3/2018 held on 5 November 2018, has resolved to certify the Company as a member of CAC. The certification will be valid for 3 years from the date of approval.

It has guidelines for all of its employees are prohibited from giving or demanding a bribe or incentive, regardless of in any form. It is also forbidden from assigning other people to give or receive a bribe or incentive on their behalf to derive of a business advantage, a special right or a benefit on various finances. Also it is prohibited from giving a bribe directly or indirectly to the public officials or politicians to persuade them to use their discretion to benefit the company. These are the operations that against our ethical value and are a legal offence, including being prohibited from accepting a gift or reward and any entertainment from the trade partners more than the usual hospitality related to the business operations.

In this connection, the internal audit of the company has the duty/responsibility to follow up on the anti-corruption and bribery, and opens an opportunity for its employees to report such the incident via the comment box or email or by phone to it directly. Such implementation may be made with a precaution and confidentiality. It also shall be no disclosure on the accusing source and the whistle blower is given protection, and it shall be reported to the inspection committee for further consideration or implementation.

Business operation impact to Social Responsibility

- None -

Activities for Social Responsibility and Environment

GJ Steel Public Company Limited by Khunying Patama Leeswadtrakul our Chief of Corporate Social Responsibility has provide policy to participate in activities both inside and outside, which is beneficial to the enterprise and the society to create the participation and commitment to the organization on every year as below.

Internal Activities

1. Participating in social development

Blood donation for patient the company arranged for the employees to donate blood with Queen Savang Vadhana Memorial Hospital at Si Racha with Red Cross Society.



2. Support the local cultures, customs and traditions conservation

Songkran Festival The Company organized activity on Songkran holidays or the Thai New Year by giving food to monk and ceremony 'pour water on the hand' to senior, additional, the company arranges a safe driving awareness campaign to our employee during Songkran holiday for reducing accident during the holidays.



Activity with social

1. Children Day

To support children, the company provides educational development by providing scholarship at Ban Bo Win School, Ban Pan Saded Nok School and Ban Khao Hin School in Si Racha District, Chon Buri.



2. The Buddhist Lent Day

The company arranges employees to join The Buddhist Lent Day Activity with Ban Khao Hin School by create candle tree and neon light and give to Pan Saded Temple in Bo Win, Si Racha District, Chon Buri.



3. Reforestation project for social environment

To support Plant Genetic Conservation Project Under the Royal Initiation of Her Royal Highness Princess Maha Chakri Sirindhorn (RSPG) in Bo Win, Si Racha District, Chon Buri.



4. Activity on Kathin Ceremony and making alms canteen

Kathin Ceremony at Bowin temple in Bo Win, Si Racha District, Chon Buri. The company and employees join the activity for repairing of temple and buildings at the Buddhist temple in Bowin.



5. Donation useful items to Teacher Boonchoo home for special children, Sattahip, Chon Buri

This is an activity to collect new and second hand good quality items from our employees and management and give to charity kids. Additional, the company provides Washing machine and repair toilets for children. The company and CSR team member agree to support this activity every year.



6. Cooperate with Department of Primary Industries and Mines (DPIM)

To join and visit CSR network in Thailand and observe the CSR plans/activities from others include discussion and sharing experiences together.



7. Provide support for Queen Savang Vadhana Memorial Hospital at Si Racha.

The company support 500,000 baht for building Sri Savarin Tiranusorn 150 year at Queen Savang Vadhana Memorial Hospital.



8. Educational support to The Redemptorist Vocational School for People with Disabilities

The company provides 500,000 baht for educational support to a person with a differently abled or disabled person at The Redemptorist Vocational School for People with Disabilities.



9. Shareholder visit production process at our plant in Chon Buri

The company and employees invite shareholder to visit our plant to see and understand the production process and discuss the business direction to increase business reliability.



10. Memorandum of Understanding for Research & Development with 3 Universities below,

The company has entered into the Signing ceremony of the Memorandum of Understanding to about Research & Development project with 3 Higher Education Institution

1. The company and King Mongkut's Institute of Technology Ladkrabang agree on the Memorandum of Understanding about Research & Development project.



2. The company and King Mongkut's University of Technology Thonburi agree on the Memorandum of Understanding about Research & Development project.



3. The company and Suranaree University of Technology agree on the Memorandum of Understanding about Research & Development project.



Management's Discussion and Analysis

The company's net loss amounted to THB 836 million and net profit amounted to THB 990 million for the years 2018 year 2017 in respectively, and its earnings before interest, taxes, depreciation and amortization (EBITDA) for the years 2018 and 2017 amounting to THB 612 million and THB 1,062 million respectively, due to:

- Sale volumes (Coil tons) and production volumes in year 2018 were significantly higher than last year due to the Company entered the Tolling agreement with G Steel for producing of HRC to increase the normal capacity during off peak power usage commencing in 4th Quarter of 2017 till to present, which can demonstrate as the following:

	Year 2018			Year 2017		
	Own production	Tolling	Total	Own production	Tolling	Total
HRC Sales (k tons)	805	642	1,447	764	48	812
HRC Production Volume (k tons)	808	629	1,436	786	90	876
HRC Average Selling Price (THB/ton)	20,617	20,722	20,663	18,591	20,247	18,690

- Increasing of HRC price: the average selling price of HRC in year 2018 was THB 20,663/ton, increased by 11% as compared with last year (THB 18,690/ton) according to HRC market price worldwide trend.
- HRC cash margin (excluding depreciation) in year 2018 was achieved at THB 886/ton, lower by 58% from last year due to the increase in the cash conversion cost which has increased by 18% from the last year which are mainly caused by the increasing price of graphite electrode and higher repair and maintenance cost.

Operating results

Revenue from sales and cost of sale of goods

The Company had total sales volumes and total production volumes were higher than last year mainly due to increased capacity according to Tolling agreement with G Steel during off peak power usage in year 2018.

The Company had revenue from sale of goods and profit margin for year 2018 of THB 29,910 million and THB 282 million in respectively whereas in year 2017 the Company had revenue from sale of goods and profit margin of THB 15,178 million and THB 859 million in respectively.

Selling Expenses

Selling expenses for year 2018 and 2017 amounting to THB 362 million and THB 185 million respectively. The increase is mainly due to increased volume and delivery charge per ton was recorded at the same level.

Financial costs

The Company had the financial costs for the year 2018 and 2017 amounted to THB 475 million and THB 271 million in respectively. The increased of financial costs of THB 204 million resulted from the Company had a short-term loan for purpose of increasing working capital commencing in 4th Quarter of 2017.

Net foreign exchange gain

The Company had a net gain on foreign exchange for year 2018 amounted to THB 105 million derived from the strengthen of the Thai Baht against the US dollar.

Net gain from write-off expired legal prescription of debts

The Company had a net gain from write-off expired legal prescription of debts for year 2018 amounted to THB 119 million according to the resolve approval from the Company's Board of Directors on 9th and 19th November 2018.

Statement of financial positions

Assets

As of 31 December 2018, the Company has total assets amounted to THB 18,824 million which decreased from the year ended 2017 by THB 721 million. From the total assets divided into the current assets amounted to THB 4,438 million, increased by 1% from the year ended 2017 and total non-current assets amounted to THB 14,386 million, decreased by 5% from the year ended 2017. The increase in current assets mainly derived from the increasing in inventories of THB 582 million and partially offset with the decrease in cash & cash in banks and other current assets whereas the decrease in non-current assets mainly due to the depreciation for property, plant and equipment.

- **Cash and cash equivalent**

At the end of year 2018 the Company had cash and cash equivalent of THB 201 million which 65% below from the year 2017. This caused from the Company had net cash inflows from operating activities of THB 835 million, net cash outflows from investing activities of THB 81 million, and net cash outflows by financing activities of THB 1,130 million resulting in decrease of cash and cash equivalent.

- **Trade accounts receivable**

At the end of year 2018 the Company had trade accounts receivable of THB 431 million after deducting the allowance for doubtful accounts of THB 417 million, the net trade accounts receivable remained at THB 14 million. Whereby as of 31 December 2017 it had trade accounts receivable of THB 450 million with deductions in the allowance for doubtful accounts of THB 417 million, the net trade accounts receivable remained at THB 33 million. The net trade accounts receivable was reduced by THB 19 million in this year mainly due the Company was monitoring debt for other trade accounts receivable not to exceed credit terms in regular.

- **Inventory**

As of 31 December 2018 and 2017 the Company had inventories amounted to THB 3,861 million and THB 3,279 million in respectively, which increased by THB 582 million due to in Q4 - 2018, the demand of HRC was relatively low, therefore causing productions and sales to be slowed down and resulting to scraps to higher remain in the stock.

- **Other Current assets**

As of 31 December 2018 and 2017 the Company had other current assets of THB 268 million and THB 394 million in respectively, which decreased by THB 126 million due to the reduction in advance to suppliers for purchase of raw materials.

- **Property, plant and equipment**

As of 31 December 2018 and 2017 the Company had net property, plant and equipment of THB 13,839 million and THB 14,638 million in respectively, which decreased by THB 799 million, or 5% below due to depreciation for the year.

- **Other non-current assets**

As of 31 December 2018 and 2017 the Company had other non-current assets of THB 540 million and THB 523 million in respectively, which increased by THB 17 million due to an increasing in deposit payment for guarantee of electricity usage THB 33 million and an increasing in advance payment for purchase of goods THB 40 million partial offset with a decreasing in work roll THB 35 million and a decreasing in other deposits and cash seized for execution THB 21 million.

Liabilities

As of 31 December 2018 and 2017 the Company had total liabilities of THB 5,607 million and THB 5,492 million in respectively, which increased by THB 115 million or 2% below, due to:

- **Trade accounts payable**

As of 31 December 2018 and 2017 the Company had trade accounts payable of THB 2,033 million and THB 870 million in respectively, which increased by THB 1,163 million due to in late 2018 the Company had the contracts of imported scrap increasing.

- **Other payables and accrued expenses**

As of 31 December 2018 and 2017 the Company had other payable and accrued expenses of THB 719 million and THB 956 million in respectively, which decreased by THB 237 million due to the Company had repayment to some other payables and accrued expenses and some portion was causing from the write-off expired legal prescription.

- **Advance from customers**

As of 31 December 2018 and 2017 the Company had advance from customers of THB 33 million and THB 192 million in respectively, which decreased by THB 159 million due to late of 2018 the Company has a decreased in sales volume as compared to late of last year resulting to the advance from customers was reduced.

- **Short-term loan from related party**

As of 31 December 2018 and 2017 the Company had short-term loans from related party amounted to THB 1,239 million and THB 1,476 million in respectively, which decreased by THB 237 million due to there was a repayment of short-term loan in during the year.

- **Accrued interest expenses**

As of 31 December 2018 and 2017 the Company had accrued interest expenses amounted to THB 132 million and THB 201 million in respectively, which decreased by THB 69 million due to the Company had repayment to some accrued interest expenses.

- **Liabilities under the rehabilitation plan**

As of 31 December 2018 and 2017 the Company had debts under the business rehabilitation of THB 180 million and THB 204million in respectively, which decreased by THB 24 million. It was mainly due to the repayment had been made according to the debt compromise agreement and partial reduction from write-off expired legal prescription of debts.

- **Long-term loan from related party**

As of 31 December 2018 and 2017 the Company had long-term loan from related party amounted to THB 1,118 million and THB 1,479 million in respectively, which decreased by THB 361 million due to the Company had repayment long-term loan in during the year.

Equity

As of 31 December 2018, the Company has total equity amounted to THB 13,218 million decreased THB 836 million from year ended 2016 mainly due to the net loss for the year 2018 contributed.

Significant financial ratios

	As of 31 December	
	2018	2017
Liquidity Ratio		
Current Ratio	1.02	1.18
Quick Ratio	0.07	0.19
Cash flow from Operating Activity Ratio	0.21	(0.29)
Receivable Turnover Ratio	68	29
Days for Collection in Receivable Ratio	5	13
Inventory Turnover Ratio	23	16
Days for Sales in Inventory Ratio	16	23
Account Payable Turnover Ratio	20	10
Days for Payment in Debts Ratio	18	37
Cash Cycle	3	(1)
Profitability Ratio		
Gross Margin Ratio	1.90%	5.68%
Operating Margin Ratio	0.94%	5.65%
Non-Operating Income Margin Ratio	0.89%	6.69%
Cash Flow from Operating Activity Margin Ratio	295.83%	(150.99%)
Net Profit Margin	(2.77%)	6.09%
Return on equity	(6.32%)	7.05%
Efficiency Ratio		
Return on Assets	(4.36%)	5.30%
Return on Fixed Assets	1.11%	13.40%
Assets Turnover Ratio	1.57	0.87
Financial Leverage Ratio		
Debt to Equity Ratio	0.42	0.39
Times Interest Earned	2.76	(3.78)
Dividend Payout Ratio	-	-

In year 2018, the Company has the liquidity ratio results in a good liquidity management in some areas such as the selling policy mainly in cash and follow-up collection of debts from trade accounts in regularly, monitoring the production and selling plan that serves the needs of the customer and ordering raw materials with the suppliers who can provide credit term, etc.

- Current Ratio achieves greater than 1 which is fairly (the Company has the current assets greater than current liabilities)
- Quick Ratio achieves lower than 2017 due to the Company has the assets which can turn into cash in the low proportion as compared to the existing current liabilities.
- Cash Flow from Operating Activity Ratio improves over 2018 due to the Company has the cash inflow from the operating activities in year 2018 whilst last year the Company had the cash outflow from the operating activities.
- Account Receivable Turnover Ratio achieves higher value and Days for Collection in Receivable Ratio achieves low value due to the Company has a proper and improvement in sale management resulting to the account receivable turnover is high and the days for collection in receivable is also fasten.
- Inventory Turnover Ratio achieves high value and Days for Sales in inventory Ratio achieves low value due to the Company can sell goods more frequently and the number of days waiting for sales to drop, which indicates that the goods is marketable and the management of inventory is efficiency.
- Account Payable Turnover Ratio achieves high value and Days for Payment in Debts Ratio achieves low value due to The Company has a cash management to pay off debt in the number of rounds more often and a period of debt repayment has reduced.
- Cash Cycle achieves a low number of days, indicates that the Company still needs to manage and plan financially carefully.

Profitability ratio for the year 2018 compares with 2017 has been lower due to :-

- Gross Margin Ratio and Operating Margin Ratio is lessen, due to increase in electrode price, maintenance cost and in year 2018, the steel industry in domestic has received the impact from international trade war in between China and USA, combination with the slowdown in global economic growth from such trade war resulting in reduced HRD's selling price in late 2018.
- Non-Operating Income Margin Ratio is lessen due to in year 2017 there was a gain from restructuring debt for debt conversion to equity in total amount of THB 734 million.
- Cash Flow from Operating Activity Margin Ratio is higher due to in year 2018, the Company has cash inflow from operating activities of THB 835 million whilst last year the Company had cash outflow from operating activities of THB 1,296 million. This is mainly due to increase in trade account payables to purchase of imported scrap.

- Net Profit Margin and Return on Equity is lessen due to the Company get loss in year 2018, therefore it is worsen to net profit margin and return on equity is not good.

Efficiency ratio for year 2018 compares with 2017 has been lower due to:-

- Return on Assets and Return on Fixed Assets is lessen due to the Company get loss resulting to return on assets and return on fixed assets is worsen.
- Assets Turnover Ratio is higher due to in year 2018 the Company entered the Tolling Agreement in order to increase the production capacity available from G Steel, therefore it will impact the assets turnover ratio is high in year 2018. If excluding the revenue from sale of HRC – Tolling, then assets turnover ratio shall not different and will get at 1.18.

Financial leverage ratio for year 2018 compares with 2017 has resulted that the Company is low risk.

- Debt to Equity Ratio is at 0.42 whereas last year 0.39, which is not different from last year.
- Times Interest Earned is at 2.76 whilst last year (3.78) due to in year 2018 the Company has cash inflow from the operating activities that sufficient to reserve and pay the interest.

Cash flow in year 2018

The Company has a net loss of THB 836 million, after adjusting for non-cash items of depreciation expense and amortization of THB 994 million, net gain from write-off of the expired legal prescription of THB 119 million and net changes in operating assets and liabilities of THB 134 million, the Company has the cash inflow from the operating activities of THB 835 million.

In the year the Company has cash outflow from investment activities for purchase of fixed assets THB 81 million.

For the financial activities, the Company has cash outflow for repayment of short-term and long-term loan from related party of THB 591 million and payment of interest expenses of THB 532 million.

In the bottom the Company has net cash outflow in year 2018 of THB 377 million when combine with the cash in the beginning of THB 578 million, the Company has the cash balance at the year end of THB 201 million.

Commitments as of 31 December 2018 can summarize in below:

Commitments	Total	Payment in period			
		within 1 st year	in year 2 nd and 3 rd	in year 4 th and 5 th	in year 6 th onwards
Operating lease liabilities	9.65	5.77	3.60	0.28	-
Purchase contracts liabilities	1,851.35	1,509.88	141.30	141.30	58.87
Other commitment liabilities	178.70	178.70	-	-	-
Total	2,039.70	1,694.35	144.90	141.58	58.87

Factor effect to the future operation

As due to the Company has major imported raw materials for both scrap and pig iron from oversea, therefore there are major expenses in US dollar currency in which the exchange rate is uncontrollable factor. As a result, the exchange rate is the major factor effect to the future operation of the Company. In case of Thai Baht is devalued as compared to US dollar, then the production cost will be increased. However, the Company manages the risk of exchange rate by benchmarking the selling price with the world market selling price, which primary refers to US dollar. It likewise purchase and sell in the same currency which could reduce risk from exchange rate fluctuation in a certain level. Besides, the Company has the adaptation plan in respect of various projects aiming to reduce production cost in order to be able to competitive with the competitors and the importers. These projects are in the form of energy cost saving, increase efficiency as well as minimize loss in the production process, etc.

Audit Committee Report

To the Shareholders of G J Steel Public Company Limited

G J Steel Public Company Limited's Board of Directors has appointed the Audit Committee consisting of three honorable independent directors as follows:

	Name	Position	Number of Attendance	Remark
1	Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee	5 / 5	Appointed on 29 Apr 2016
2	Mr. Stephen Karl Stewart	Member of the Audit Committee	5 / 5	Appointed on 30 Aug 2017
3	Mr. Yingsak Jenratha	Member of the Audit Committee	3 / 3	Appointed on 26 Jun 2018
4	Dr. Narumon Saardchom	Member of the Audit Committee	1 / 1	(Resigned on 2 Apr 2018)

The duties of the Audit Committee have independence in performance of duties as assigned by the Board of Directors. The scope of duties includes review of financial statements, review the internal audit report, approve the report or disclose information, consideration of the transactions that may pose conflict of interest, present matters to the Board of Directors for acknowledgement, consent or approval, coordinate with the accounting department in case of trouble or hindrance, coordinate with the certified public accountant for acknowledgement of the audit results, notes and recommendations of such certified public accountant, then present to the Board of Directors for rectification and improvement of the business, including to suggest the shareholders as to the appointment and the remuneration of the certified public accountant.

In the fiscal year ending 31 December 2018, The Audit Committee verified the correctness and sufficiency in the essence according to the generally accepted accounting principles. It includes the consideration on the internal audit, risk rating and various job performances to comply with the legitimate requirements and the requirements of the Stock Exchange of Thailand. This verification did not verify all items, but use the method of testing on the items that deemed to have importance according to the work plan of the audit section. The audit committee did not find any essential shortcomings in the internal audit with impact on the financial statement significantly

The Audit Committee will be compliance with the requirements of the regulatory bodies to ensure the company's transparent operation in order to enhancement of the good corporate governance principles.

(Assoc. Prof. Niputh Jitprasonk)
Chairman of the Audit Committee

G J STEEL PUBLIC COMPANY LIMITED

THAILAND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
AND
INDEPENDENT AUDITOR'S REPORT

EXPRESSED IN
THAI BAHT

INDEPENDENT AUDITOR'S REPORT

**To The Shareholders and Board of Directors of
G J Steel Public Company Limited**

Opinion

I have audited the statements of financial position of G J Steel Public Company Limited as of December 31, 2018, the related statements of changes in equity, income, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of G J Steel Public Company Limited as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

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 Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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 judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matters included Audited Procedures are as follows:

Impairment of property, plant and equipment

As describe in Notes 4(e), 4(h) and 12 to the financial statement, the Company's property, plant and equipment which are stated at cost less accumulated depreciation and impairment losses are significant amount. The management exercise judgment in determining the impairment loss due to the recoverable amount of the property, plant and equipment is determined on value in use by estimate future cash flows that the entity expects to derive from the assets which related to the projection of future operating performance, future plan and determination of an appropriate discount rate and key assumptions. Therefore, I have identified that considering the impairment loss of property, plant and equipment is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I verified the impairment of property, plant and equipment by consider and assess the reasonable and supportable assumptions and approaches in preparation of the estimate of future cash inflows or outflows which the Company expected to derive from the continuing use of the property, plant and equipment. Including assess the Company's reasonable discount rate which used for calculation of the recoverable amount of the property, plant and equipment and considered the adequacy of the information disclosure related to impairment of property, plant and equipment.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report of the Company, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the 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 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 those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current year 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.

(NATSARAK SAROCHANUNJEEN)

Certified Public Accountant

Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 26, 2019

G J Steel Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2018	2017
		(Baht)	
Current assets			
Cash and cash equivalents	6	201,031,915	578,123,897
Trade accounts receivable	7	13,892,449	32,960,295
Inventories	8	3,861,388,858	3,278,913,905
Short-term loan to related party	5, 9	94,000,000	94,000,000
Other current assets	5, 10, 30	268,025,937	394,308,180
Total current assets		4,438,339,159	4,378,306,277
Non-current assets			
Advance payment for purchase of property, plant and equipment	11	210,000,000	210,000,000
Property, plant and equipment	12	13,838,823,623	14,637,995,867
Intangible assets	13	7,134,735	6,224,647
Other non-current assets	15, 30	330,065,237	313,227,607
Total non-current assets		14,386,023,595	15,167,448,121
Total assets		18,824,362,754	19,545,754,398

The accompanying notes are an integral part of these financial statements

G J Steel Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2018	2017
		(Baht)	
Current liabilities			
Trade accounts payable	1.3, 5, 19, 30	2,033,028,589	870,384,829
Other payables and accrued expenses	1.3, 5, 20, 30	660,628,473	723,523,901
Advance from customers	40.4	32,682,502	192,349,206
Short-term loan from related party	5, 17	1,239,362,400	1,476,200,847
Accrued interest expenses	1.3, 5, 21	131,777,508	201,051,061
Current portion of liabilities under rehabilitation plan	23, 30	180,013,171	204,359,878
Current portion of finance lease obligation	18	416,261	394,896
Provisions	24	40,565,153	-
Other current liabilities	22, 30	31,106,530	38,251,428
Total current liabilities		4,349,580,587	3,706,516,046
Non-current liabilities			
Other payables and accrued expenses	1.3, 5, 20	58,077,068	232,315,868
Long-term loan from related party	5, 17	1,117,518,130	1,479,358,073
Finance lease obligation	18	1,388,843	1,805,104
Employee benefit obligations	25	80,140,624	72,154,476
Total non-current liabilities		1,257,124,665	1,785,633,521
Total liabilities		5,606,705,252	5,492,149,567
Equity			
Share capital	26		
Authorised share capital		129,298,350,419	129,298,350,419
Issued and paid-up share capital		96,104,091,707	96,104,091,707
Warrants	27	-	-
Premium (discount) on ordinary shares	26	(61,757,357,060)	(61,757,357,060)
Retained earnings (deficit)			
Appropriated			
Legal reserve	28	18,507,422	18,507,422
Deficit		(21,457,265,785)	(20,621,318,456)
Other components of equity	28	309,681,218	309,681,218
Total equity		13,217,657,502	14,053,604,831
Total liabilities and equity		18,824,362,754	19,545,754,398

The accompanying notes are an integral part of these financial statements

G J Steel Public Company Limited

Statement of income

		For the year ended	
		31 December	
	<i>Note</i>	2018	2017
		(Baht)	
Income			
Revenue from sale	5, 31	29,909,762,166	15,178,061,681
Net gain from write-off the expired legal prescription of liabilities	30	119,077,086	-
Net foreign exchange gains		105,317,881	310,910,398
Net gain from debt restructuring	1,3, 29	677,203	734,023,402
Other income	5	45,021,834	42,589,497
Total income		30,179,856,170	16,265,584,978
Expenses			
Cost of sale			
- Cost of goods sold	5	29,341,753,665	14,315,399,500
- Idle cost		125,364,360	-
- Loss on devaluation of inventories		160,473,440	4,051,344
Total Cost of sale		29,627,591,465	14,319,450,844
Selling expenses	32	361,595,485	185,209,817
Administrative expenses	5, 33	500,470,914	496,310,021
Bad and doubtful debts expense		10,341,274	3,155,639
Loss on confirmed purchase orders for undelivered raw material	24	40,565,153	-
Finance costs	5, 16, 36	475,239,208	271,127,538
Total expenses	35	31,015,803,499	15,275,253,859
Profit (loss) for the year		(835,947,329)	990,331,119
Earnings (loss) per share	38		
Basic earning (loss) per share		(0.060)	0.086

The accompanying notes are an integral part of these financial statements

G J Steel Public Company Limited
Statements of comprehensive income

	<i>Note</i>	For the year ended	
		31 December	
		2018	2017
		(Baht)	
Profit (loss) for the year		(835,947,329)	990,331,119
Other comprehensive income (expenses) :			
Item that will not be reclassified subsequently to profit or loss :			
Actuarial gains (losses) on defined employee benefit plans	25	-	(15,541,453)
Income tax relating to other components of equity		-	-
Other comprehensive income (expenses) for the year		-	(15,541,453)
Total comprehensive income (expenses) for the year		(835,947,329)	974,789,666

The accompanying notes are an integral part of these financial statements

G J Steel Public Company Limited
Statement of changes in equity

	Issued and paid-up share capital	Warrants	Share premium / (discount)	Retained earnings / (Deficit)		Other components of equity			Total equity
				Legal reserve	Deficit	Other comprehensive income (expenses)	Paid in capital from expire warrant		
						Actuarial gains (losses) on defined employee benefit plans			
		</							

(Baht)

Note

The accompanying notes are an integral part of these financial statements

G J Steel Public Company Limited**Statement of cash flows**

	For the year ended 31 December	
	2018	2017
	(Baht)	
Cash flows from operating activities		
Net profit (loss) for the year	(835,947,329)	990,331,119
Adjustments for		
Depreciation and amortisation	881,888,909	926,258,623
Work roll amortisation	111,697,717	107,197,678
Interest income	(2,817,083)	(9,337,998)
Finance costs	475,239,208	271,127,538
(Reversal of) loss on impairment of property, plant and equipment	(3,524)	(211,740)
Net gain from debt restructuring	(677,203)	(734,023,402)
Net gain from write-off the expired legal prescription of liabilities	(119,077,086)	-
Gain from foreign exchange of debt restructuring at the date of debt-to-equity conversion	-	(78,650,962)
Unrealised loss (gain) on foreign exchange	(29,658,486)	(94,919,859)
Bad and doubtful debts expense	10,341,274	3,155,639
Loss on devaluation of inventories	160,473,440	4,051,344
Loss on confirmed purchase orders for undelivered raw material	40,565,153	-
Employee benefit expenses	8,101,349	3,925,962
Loss (gain) on write-off of assets	163,081	7,803,930
	<hr/> 700,289,420	<hr/> 1,396,707,872
Changes in operating assets and liabilities		
Trade accounts receivable	19,067,846	(8,869,077)
Inventories	(742,948,393)	(2,428,339,405)
Advances to suppliers	172,286,538	(177,080,695)
Other current assets	(60,586,422)	(123,082,606)
Other non-current assets	(145,932,761)	(135,998,318)
Trade accounts payable	1,185,516,249	456,710,814
Advances received from customers	(159,666,704)	2,253,163
Other payables and accrued expenses	(143,555,781)	(283,114,740)
Other current liabilities	10,396,251	5,680,608
Paid employee benefit obligations	(115,200)	(1,295,142)
Net cash from (used in) operating activities	<hr/> 834,751,043	<hr/> (1,296,427,526)

G J Steel Public Company Limited
Statement of cash flows

	For the year ended 31 December	
	2018	2017
	(Baht)	
Cash flows from investing activities		
Interest received	2,817,083	3,798,272
Short-term loan to related party decrease (increase)	-	(94,000,000)
Purchase of Intangible assets	(2,845,311)	-
Purchase of property, plant and equipment	(80,940,999)	(9,919,570)
Net cash from (used in) investing activities	(80,969,227)	(100,121,298)
Cash flows from financing activities		
Receive short-term loan from related party	-	1,473,155,000
Receive long-term loan from other party	-	1,430,645,800
Receive long-term loan from related party	-	167,553,000
Payment for redemption of debentures	-	(62,606,649)
Repayment of liabilities under rehabilitation plan	(6,568,141)	(12,921,734)
Repayment of liabilities under debt restructuring	-	(922,204,180)
Repayment of short-term loan from other party	-	(18,500,000)
Repayment of short-term loan from related party	(229,930,400)	-
Repayment of long-term loan from related party	(361,319,200)	-
Payment for financial lease liabilities	(501,600)	-
Finance costs paid		
- Liabilities under debt restructuring	-	(516,033,506)
- Others	(532,519,476)	(173,999,336)
Net cash from (used in) financing activities	(1,130,838,817)	1,365,088,395
Net increase (decrease) in cash and cash equivalents	(377,057,001)	(31,460,429)
Cash and cash equivalents at 1 January	578,123,897	610,143,344
Effect of exchange rate changes on balances held in foreign currencies	(34,981)	(559,018)
Cash and cash equivalents at 31 December	201,031,915	578,123,897

G J Steel Public Company Limited**Statement of cash flows**

	For the year ended	
	31 December	
	2018	2017
	(Baht)	
Non-cash transactions		
For the year ended December 31, 2018		
From write-off the expired legal prescription of liabilities		
Decrease in other current assets	(4,240,853)	-
Decrease in other non - current assets	(17,397,414)	-
Decrease in trade accounts payable	12,531,371	-
Decrease in other payables and accrued expenses	92,680,271	-
Decrease in accrued interest expenses	2,122,100	-
Decrease in liabilities under rehabilitation plan	16,000,382	-
Decrease in other current liabilities	17,381,229	-
For the year ended December 31, 2017		
Transfer trade accounts payable, other payables and accrued expenses and accrued interest expenses to liabilities under the debt restructuring	-	3,239,738,757
Transfer accrued interest expenses to other payables and accrued expenses	-	206,577,995
Transfer provisions for tax to other payables and accrued expenses	-	72,240,064
Decrease in liabilities under debt restructuring and other payables and accrued expenses increase in issued and paid-up share capital and discount on ordinary shares from debt-to-equity conversion	-	1,136,535,345
Settlements between trade account receivable with trade account payable	-	171,868,511
Increase in finance lease obligation from purchase of vehicle	-	2,200,000

G J Steel Public Company Limited

Notes to the financial statements

For the year ended 31 December 2018

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G J Steel Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

The accompanying notes to financial statements an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 26 February 2019.

1 General information, going concern and the Company's debt restructuring

1.1 General information

G J Steel Public Company Limited (the "Company"), is incorporated in Thailand and has its registered office as follows:

Head office : 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok.

Factory : 358 Moo 6, Hemaraj Industrial Estate (Bowin) Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi.

The Company was listed on the Stock Exchange of Thailand (the "SET") on 2 July 1996.

As at 31 December 2018, the Company's major shareholders were Asia Credit Opportunities I (Mauritius) Limited ("ACO I") (24% shareholding) was incorporated in overseas. G Steel Public Company Limited ("G Steel") (15.08% shareholding), Superior Overseas (Thailand) Company Limited (2.96% shareholding) and GS Securities Holdings Co., Ltd. ("GS Securities") (2.20% shareholding). Those companies were incorporated in Thailand. And GS Securities are 99.99% owned by G Steel.

The principal business of the Company is the manufacturing of various flat - rolled steel products.

1.2 Going concern

As at 31 December 2018 and 2017 part of financial position of the Company are as follows:

Risk effected to the going concern	Million Baht	
	As at 31 December	
	2018	2017
(1) Profit (loss) for the years	(836)	990
(2) Deficit	21,457	20,621
(3) Current assets exceed current liabilities	89	672

As at 31 December 2018 and 2017 there was no factors may cause significant doubt on going concern due to the Company has accomplished its plan by negotiating debt restructuring with major creditors by which of conversion debts-to-equity in successfully as described to the financial statement in Note 1.3 and Note 26 combination with the providing credit facility for additional working capital as described to the financial statement in Note 42 resulting to enhancing the financial position as at 31 December 2018 and 2017 the Company had current assets exceeding current liabilities of Baht 89 million and Baht 672 million respectively. Besides, the Company still has various plans to increase the profitability in future as followings:

G J Steel Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

a) The production

The Company has the production utilized the off-peak period (which has lower demand for electricity and hence lower tariff rate). In 2017, the Company increases the production to nearly full capacity for off-peak and in the second half of year 2018 the Company has a test run to extend the 24-hour production capacity for 6 days a week in order to ensure that the machinery is a good condition for running the 24-hour production capacity in year 2019, in order to reduce the production unit cost. The Company has adjustment plan in respect of various projects aiming to reduce production cost in order to be competitive with the competitors and the importer. Projects are in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc.

b) The Governmental support

The Company has cooperated with the other hot-rolled flat steel producers (collectively called “the domestic industry”), filed the petitions for trade remedies to the Thai government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot - rolled steel flat products and import surge to Thailand that also have impacted the stability of Thailand’s economy. Up to the present, Ministry of Commerce had made several determinations and notifications of antidumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market as follows:

Antidumping Measures (5-year term)

	Import Goods	Origin	AD Duty Rate	Effective
1	Hot-rolled steel flat products in coil and not in coil	14 countries	Various rate up to 128.11% of C.I.F. value	23 May 2015 to 22 May 2020
2	Hot-rolled steel flat products in coil and not in coil	China and Malaysia	China 30.91% of C.I.F. value Malaysia 23.57 - 42.51% of C.I.F. value	23 Jun 2017 to 22 Jun 2022
3	Hot-rolled steel flat products in coil and not in coil	Brazil, Iran and Turkey	Brazil 34.40% of C.I.F. value Iran 7.25 - 38.27% of C.I.F. value Turkey 6.88 - 38.23% of C.I.F. value	16 May 2017 to 15 May 2022
4	Boron-added steel hot rolled flat products in coil and not in coil	China	14.28 - 19.47% of C.I.F. value	12 Dec 2018 to 11 Dec 2023*

G J Steel Public Company Limited

Notes to the financial statements

For the year ended 31 December 2018

- * The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on 30 November 2017 (published on the royal gazette on 13 December 2017) the “Notification for Initiation of Necessity Review for Continuation of the Antidumping Measure on Boron-added Steel Hot Rolled Flat Products Originated from the People’s Republic of China”, as the start of the antidumping measure continuation review procedure, in which several interested parties were participating. During the review, there is further anti-dumping duty imposed for a period of more than 1 year and the latest dumping and subsidy consideration processes has announced the results of the review to extend the enforcement of anti-dumping measures dated 11 December 2018, as published on the royal gazette on 12 December 2018 that determine to impose the antidumping duties, at the rate unchanged, on Boron-added Steel Hot Rolled Flat Products Originated from the People’s Republic of China for the next 5 years, with effect from 12 December 2018 through 11 December 2023.

Safeguard Measures (3-year term)

	Import Goods	Origin	SG Duty Rate	Effective
1	Other-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	- Imported 27 Feb 2016 - 26 Feb 2017 41.67% of C.I.F. value - Imported 27 Feb 2017 - 26 Feb 2018 40.42% of C.I.F. value - Imported 27 Feb 2018 - 26 Feb 2019 39.21% of C.I.F. value	27 Feb 2016 to 26 Feb 2019
2	Non-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	- Imported 7 Jun 2017 - 6 Jun 2018 21.00% of C.I.F. value - Imported 7 Jun 2018 - 6 Jun 2019 20.87% of C.I.F. value - Imported 7 Jun 2019 - 6 Jun 2020 20.74% of C.I.F. value	7 Jun 2017 to 6 Jun 2020

c) Local demand of Hot-Rolled Steel Flat Products (Sourced : Iron and Steel Institute of Thailand)

Hot Rolled Steel (million metric tonnes)	Year 2018	Year 2017	Increase / (decrease)
Production	3.20	2.92	0.28
Import	3.96	3.87	0.09
Export	0.074	0.010	0.064
Consumption	7.09	6.78	0.31

For the trend of the steel industry, World Steel Association forecasts that the demand of ASEAN steel consumption in the year 2019 will increase by 6.2% per annum. For Thailand, local demand for steel consumption is expected to increase around 8.2% per annum following the demand from local downstream industry.

G J Steel Public Company Limited

Notes to the financial statements

For the year ended 31 December 2018

1.3 The Company's debt restructuring

Major Trade Creditors Restructuring

Previously, the Company has three Major Trade Creditors with aggregated claims of USD 83 million (Baht 3,004 million) as at 31 December 2016 which the Company has defaulted on the compromise agreement.

On 31 January 2017, the Company received the notice of assignment to debtor from such three Major Trade Creditors and another trade creditor including all amount payable under the contracts up until 31 January 2017 in amount of USD 91 million to new foreign company (hereinafter referred to as "new creditor"). On 3 February 2017, the Company has repayment for some portion of principal and interest payable to new creditor in amount of USD 40 million from the drawn down of loan facility as described to the financial statement in Note 17.

Later on 10 February 2017, new creditor has agreed to reduce interest payable to the Company in amount of USD 15 million, the outstanding debt is remaining to USD 36 million (principal was amounting to USD 33 million and interest payable was amounting to USD 3 million). The Company agrees to restructure the debt which shall be completed by 31 March 2017, the new creditor has agreed on interest chargeable on such principal in the rate of 4% p.a. and if the debt restructuring has not yet completed within 31 March 2017 then the interest rate shall be adjusted to 7.5% p.a. from the date of 31 March 2017 until the debt restructuring completed or has already repayment in full amount.

On 24 March 2017 and later on 14 June 2017, the Company and new creditor has agreed to extend the period of debt restructuring until to 30 September 2017, whereby the interest chargeable on principal still at the rate of 4% p.a. and if the debt restricting has not yet completed within 30 September 2017 then the interest rate shall be adjusted to 7.5% p.a. from the date of 30 September 2017 until the debt restructuring completed or has already repayment in full amount.

On 26 May 2017, the Company had entered the Memorandum of Understanding ("MOU") with the foreign company in which who is the shareholder of the new creditor. Under the said MOU, the plans for the debt restructuring of the Company are as follow:

- a) The Company had a total debt of USD 36.70 million including debts of USD 32.35 million and interest payable of USD 4.35 million which calculation until 30 August 2017.
- b) The new creditor agreed to waive the partial of interest payable of USD 3.77 million as a result the Company's net outstanding debt before the debt-to-equity conversion shall be USD 32.93 million. By mean of under the its condition that the allocation and offering of the newly issued ordinary shares of the Company under to the debt-to-equity conversion scheme must get the approval from the Extraordinary Shareholders' meeting no.1/2017 on 30 August 2017 before.

On 30 August 2017, the Extraordinary Shareholders' meeting no.1/2017 had approved the allocation and offering of the newly issued ordinary shares of the Company under to the debt-to-equity conversion scheme as described to the financial statement in Note 26.1.

On 11 September 2017, the Company entered to Share Subscription Agreement with Asia Credit Opportunities I (Mauritius) Limited which is the new creditor whereby the agreement stipulated debt conversion conditions and the requirements to be complied before the capital increase, and the deadline for completion is 30 September 2017. On 21 September 2017, the Company has already converted its debt to equity under the agreement as described to the financial statement in Note 26.2.

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Notes to the financial statements
For the year ended 31 December 2018

The movement of liabilities under debt restructuring for year ended 31 December 2017 was as below:

	(in million Baht)
At 31 December 2016	-
Transfer from Trade accounts payable	1,454
Transfer from Other payables and accrued expenses	613
Transfer from Accrued interest	1,173
Total liabilities at 31 January 2017	3,240
<u>Deduct</u> Repayment during the 1 st Quarter	(1,438)
<u>Deduct</u> Gain from the Creditor waived the debt during the 1 st Quarter	(531)
<u>Additional</u> Accrued interest from 1 February 2017 to 30 August 2017	31
<u>Deduct</u> Gain from the Creditor waived the debt during the 3rd Quarter	(125)
<u>Deduct</u> Debt-to-equity conversion during the 3rd Quarter	(1,096)
Effect of exchange rate during the year	(81)
Ending balance of liabilities under debt restructuring	-
At 31 December 2017	-

Other Creditors Restructuring

The Company has negotiated repayment schedules for overdue debt owed to Other Creditors for the year ended 31 December 2018 as details below:

	(in million Baht)
As at 31 December 2017	65
<u>Deduct</u> Repayment during the year	(53)
<u>Deduct</u> Write-off the expired legal prescription of liabilities	(11)
Balance of other creditors restructuring	1
As at 31 December 2018	1

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Thailand Federation of Accounting Professions (“TFAC”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

During the year, the Company have adopted accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations which issued and revised by the TFAC which are effective for financial statement year beginning on or after 1 January 2018. However, the adoptions of said financial reporting standards in the current year does not have material effect on the financial statements.

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In addition to the above new and revised TFRS, during the year, the TFAC has issued a number of other new and revised accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretation which are effective for financial statements beginning on or after 1 January 2019 and 1 January 2020 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company's operations are disclosed to the financial statement in Note 3.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict of difference in understanding, the interim financial statements in Thai language shall prevail.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Thai Baht. Which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 7	Allowance for doubtful accounts
Note 8	Allowance for devaluation of inventories
Note 11	Appraisal valuations and allowance for impairment of advance payment for purchase of property, plant and equipment
Note 12	Appraisal valuations and allowance for impairment of property, plant and equipment
Note 13	Appraisal valuations and allowance for impairment of intangible asset
Note 15	Appraisal valuations and allowance for impairment of suspended construction in progress
Note 24	Provision
Note 25	Measurement of defined benefit obligations
Note 38	Appraisal valuations of financial instruments
Note 40	Litigation

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Notes to the financial statements

For the year ended 31 December 2018

3 Financial reporting standards which are not effective for the current year

During the year, the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after 1 January in the year indicated as follows:

	<u>Year effective</u>
Accounting Standard	
TAS 1 Presentation of Financial Statements (revised 2018)	2019
TAS 2 Inventories (revised 2018)	2019
TAS 7 Statement of Cash Flows (revised 2018)	2019
TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)	2019
TAS 10 Events after the Reporting Period (revised 2018)	2019
TAS 12 Income Taxes (revised 2018)	2019
TAS 16 Property, Plant and Equipment (revised 2018)	2019
TAS 17 Leases (revised 2018)	2019
TAS 19 Employee Benefits (revised 2018)	2019
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)	2019
TAS 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)	2019
TAS 23 Borrowing Costs (revised 2018)	2019
TAS 24 Related Party Disclosures (revised 2018)	2019
TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)	2019
TAS 27 Separate Financial Statements (revised 2018)	2019
TAS 28 Investments in Associates and Joint Ventures (revised 2018)	2019
TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2018)	2019
TAS 32 Financial Instruments: Presentation	2020
TAS 33 Earnings per Share (revised 2018)	2019
TAS 34 Interim Financial Reporting (revised 2018)	2019
TAS 36 Impairment of Assets (revised 2018)	2019
TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)	2019

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	<u>Year effective</u>
Accounting Standard	
TAS 38 Intangible Assets (revised 2018)	2019
TAS 40 Investment Property (revised 2018)	2019
TAS 41 Agriculture (revised 2018)	2019
Financial Reporting Standard	
TFRS 1 First - time Adoption of Thai Financial Reporting Standards	2019
TFRS 2 Share - based Payment (revised 2018)	2019
TFRS 3 Business Combinations (revised 2018)	2019
TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2018)	2019
TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2018)	2019
TFRS 7 Financial Instruments : Disclosures	2020
TFRS 8 Operating Segments (revised 2018)	2019
TFRS 9 Financial Instruments	2020
TFRS 10 Consolidated Financial Statements (revised 2018)	2019
TFRS 11 Joint Arrangements (revised 2018)	2019
TFRS 12 Disclosure of Interests in Other Entities (revised 2018)	2019
TFRS 13 Fair Value Measurement (revised 2018)	2019
TFRS 15 Revenue from Contracts with Customers	2019
Accounting Standard Interpretations	
TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2018)	2019
TSIC 15 Operating Leases - Incentives (revised 2018)	2019
TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)	2019
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)	2019
TSIC 29 Service Concession Arrangements: Disclosures (revised 2018)	2019
TSIC 32 Intangible Assets - Web Site Costs (revised 2018)	2019
Financial Reporting Standard Interpretations	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)	2019
TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2018)	2019

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	<u>Year effective</u>
Financial Reporting Standard Interpretations	
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)	2019
TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2018)	2019
TFRIC 10 Interim Financial Reporting and Impairment (revised 2018)	2019
TFRIC 12 Service Concession Arrangements (revised 2018)	2019
TFRIC 14 TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2018)	2019
TFRIC 16 Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 17 Distributions of Non - Cash Assets to Owners (revised 2018)	2019
TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)	2019
TFRIC 21 Levies (revised 2018)	2019

The management of the Company has assessed TAS, TFRS, TSIC and TFRIC which are effective for financial statements year beginning on or after 1 January 2019 that TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 19, TAS 21, TAS 23, TAS 24, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38 and TFRS 8, TFRS 13 and TFRS 15 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Company's business, therefore they do not have impact on the financial statement when they are applied.

And the management of the Company is currently evaluating the impact of TAS, TFRS and TFRIC which are effective for financial statements year beginning on or after 1 January 2020 to the financial statements when they are adopted.

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Notes to the financial statements
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4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and high liquidity short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

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

Cost is calculated using the weighted average method cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

The Company recognises an asset and corresponding liability in respect of consignment inventories once the Company obtains the rights and responsibilities of legal and economic ownership.

(e) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on the straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	20 years
Buildings	20 - 50 years
Machinery and equipment	15 - 30 years
Furniture and fixtures	5 years
Office equipment	5 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Intangible assets

Intangible assets represent the cost of computer software and a production license. These intangible assets that are acquired by the Company and have finite useful live are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software licences	10 years
Production licences	25 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Deferred costs of rolls

Deferred costs of rolls are stated at cost less accumulated amortisation. Amortisation is based on consumption.

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(h) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the losses have decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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(k) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the Company's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(m) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest income

Interest income is recognised in profit or loss as it accrues.

(n) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(p) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its ordinary shares. Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings (loss) per share is determined by adjusting the profit (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(r) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Connected persons or related parties

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Connected persons or related parties may be individuals or other entities.

Relationships with connected persons or related parties were as follows:

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of Relationships
G Steel Public Co., Ltd. ("G Steel")	Thailand	Manufacture and sale of steel	Parent company
Oriental Access Co., Ltd. ("OAC")	Thailand	Business consulting services	Subsidiary of G Steel
Siam Professional Holding Co., Ltd. ("SPH")	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. ("GS Securities")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel

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Name of entities	Country of incorporation/ Nationality	Type of business	Nature of Relationships
GS Notes Holding 2 Co., Ltd. ("GS Notes 2")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel (registered the dissolution of the company on 22 September 2017)
Asia Credit Opportunities I (Mauritius) Limited ("ACO I")	Mauritius	Special-purpose for investment	Since September 21, 2017, Major shareholder which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. ("SSG III")
Link Capital I (Mauritius) Limited ("Link Capital I")	Mauritius	Special-purpose for investment	Since September 21, 2017, Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. ("SSG III")
SSP Place Co., Ltd.	Thailand	Office rental	Common executive
Asia Metal Public Co.,Ltd.	Thailand	Manufacture and sale of steel	Common shareholder and director of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of Steel	Director related to major shareholder of G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director and executive
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common executive
Mahachai Steel Center Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel
M & L Steel Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel (registered the dissolution of the company on 23 April 2018)
The Steel Public Co., Ltd.	Thailand	Manufacture and sale of steel	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel

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Name of entities	Country of incorporation/ Nationality	Type of business	Nature of Relationships
Key management Personnel	Thailand	-	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

The pricing policies for particular types of transactions are explained further below:

Transactions

Sale of raw materials
Sale of finished goods
Purchase of raw materials
Purchase of finished goods
Tolling service
Rental and service expenses
Financial advisory services
Finance costs

Pricing policies

Cost plus margin and agreed prices
Agreed prices with reference to market prices
Cost plus margin and agreed prices
Agreed prices with reference to market prices
Contractual prices
Contractual prices
Contractual prices
Contractual rate

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Significant transactions for the years ended 31 December 2018 and 2017 with connected persons or related parties were as follows:

	2018	2017
	(in million Baht)	
Parent Company (G Steel)		
Sales of raw materials and finished goods	273	-
Purchases of raw materials	668	937
Tolling service	3,873	536
Connected persons or related parties		
Sales of raw materials and finished goods	977	583
Purchases of raw materials and finished goods	15	1,433
Rental and service expenses	4	5
Finance costs	440	91
Key management personnel		
Key management personnel compensation		
Salary and bonus	29	28
Welfare	3	4
Provident fund	1	1
Total key management personnel compensation	33	33

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Balances as at 31 December 2018 and 2017 with related parties were as follows:

		As at 31 December	
		2018	2017
	Note	(in million Baht)	
Short-term loan to related party			
Parent company			
G Steel	9	<u>94</u>	<u>94</u>
Accrued interest receivable			
Parent company			
G Steel	10	<u>5</u>	<u>5</u>
Advance to suppliers			
Parent company			
G Steel	10	-	167
Connected persons or related parties			
Mahachai Steel Center Co., Ltd.		<u>8</u>	<u>20</u>
Total		<u>8</u>	<u>187</u>
Trade accounts payable			
Parent company			
G Steel	19	6	123
Connected persons or related parties			
Mahachai Steel Center Co., Ltd.		<u>-</u>	<u>66</u>
Total		<u>6</u>	<u>189</u>
Customer advances			
Connected persons or related parties			
The Steel	40.4	<u>-</u>	<u>4</u>
Other payables and accrued expenses			
Connected persons or related parties			
OAC	20	13	13
Arnoma Hotel Bangkok Co., Ltd.		-	1
SSP		1	-
Link Capital I		<u>-</u>	<u>2</u>
Total		<u>14</u>	<u>16</u>
Shot-term loan from related party			
Connected persons or related parties			
Link Capital I	17	<u>1,239</u>	<u>1,476</u>

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		As at 31 December	
		2018	2017
	Note	(in million Baht)	
Long-term loan from related party	17		
Connected persons or related parties			
Link Capital I		1,118	1,479
Accrued interest expenses	21		
Connected persons or related parties			
OAC		4	3
Link Capital I		34	106
Total		38	109

Significant agreement with related parties

Tolling Agreement

On 14 November 2017 the Company entered into Tolling Agreement with G Steel whereby the Company (the metallic owner) shall supply the primary metallic and delivery to the plant and G Steel (the operator) shall process and convert metallic to Hot Roll Coils (HRC) extend to deliver such HRC to the Company's customers in according to the Company's sale order. Tolling agreement is valid one year from the contract date and automatically renew for another year if there is no notice of termination prior to expiration of 90 days. Its service fee shall be charged based on contractual prices. Later on 17 December 2018 the Company made a written notice of cancellation in advance with the agreement effective until 31 January 2019.

Other contracts

In year 2013, the Company entered into a memorandum with OAC to accept the liabilities arising from the compromise debt agreement with Master Steel Co., Ltd. amounting to Baht 17.91 million by exchange with the transfer G Steel's shares of 35.82 million shares which held by OAC at the agreed price of Baht 0.50 per share to Master Steel Co., Ltd.

In addition, the Company settled a labour case with a former employee at the Central Labour Court. Under this agreement, the Company agreed to transfer G Steel's shares of 33 million shares which held by OAC to the former employee at an agreed price of Baht 0.45 per share, amounting to Baht 14.85 million and OAC agreed to guarantee the share price at Baht 0.45 per share in 90 days from the transferred share date ("guarantee period").

Therefore, the Company entered into a memorandum with OAC to accept the liabilities arising from the compromised debt agreement in amounting of Baht 32.76 million. The such debt shall be mature on 30 June 2014. On 5 June 2015, the Company paid to OAC for the amount of Baht 29.54 million which the outstanding debts remained at Baht 3.22 million.

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On 13 January 2014, OAC deposited the G Steel's shares of 102.3 million shares to Legal Execution Department as a guarantor under the compromise debt agreement to transfer additional G Steel's shares of 102.3 million shares at market price of Baht 0.10 per share to the former employee (the market price based on at the end of guarantee period date).

In addition, on the same date (13 January 2014), the Company entered into a memorandum with OAC to accept additional liabilities of Baht 10.23 million. This obligation will be due on the date of 30 June 2014. Currently, the Company is on the process of extension period of the memorandum with OAC.

Significant matter with related parties

On 7 May 2014, OAC enters into a transfer of assets for debt repayment contract with Shareholder of G Steel to agree for partial debt repayment against with the transferring ownership of the Company's shares of 4,125 million shares and the Company's warrants of 687 million units which were held by OAC. In September 2014, G Steel had transferred ownership of the Company's shares of 1,500 million shares to other non-related company, resulting to G Steel held 20.79% shareholding in the Company.

In June and July 2017, G Steel sold the shares held in the Company of 100 million shares as a result G Steel shareholding in the Company reduced to 20.05% before the share capital increase. After the share capital increase, as at 31 December 2017 the percentage of shareholding in the Company of G Steel and GS Securities is 18.72%.

Later in March 2018, G Steel's a financial supporter compulsory pledge shares held in the Company of 200 million shares by GS Securities to guarantee G Steel to repay G Steel's liabilities. After the forced sale of shares, as at 31 December 2018 the percentage of shareholding in the Company of G Steel and GS Securities is 17.29 %.

6 Cash and cash equivalents

	As at 31 December	
	2018	2017
	(in million Baht)	
Cash at banks - Saving Account	201	578
Cash at banks - Current Account	-	-
Total	201	578

The currency denomination of cash and cash equivalents as at 31 December 2018 and 2017 was as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	197	572
United States Dollars (USD)	4	6
Total	201	578

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7 Trade accounts receivable

	As at 31 December	
	2018	2017
	(in million Baht)	
Connected persons or related parties	-	-
Other persons or parties	431	450
Total	431	450
<u>Less</u> allowance for doubtful accounts	(417)	(417)
Net	14	33
(Reversal) Bad and doubtful debts expenses for the year	-	-

Aging analyses for trade accounts receivable were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Connected persons or related parties		
Overdue :		
Less than 3 months	-	-
Over 12 months	-	-
	-	-
Other persons or parties		
Not Overdue	-	-
Overdue :		
Less than 3 months	14	32
Over 12 months	417	418
	431	450
<u>Less</u> allowance for doubtful accounts	(417)	(417)
Net	14	33
Total	14	33

The normal credit terms granted by the Company are cash and not over 7 working days for domestic sales, and cash and letter of credit at sight for export sales.

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In year 2013, an account receivable due from related party subrogated the amounts, the receivable owed to a creditor of Baht 172 million in exchange with another receivable in the same amount. The account receivable subrogated also is the creditor of the Company in the greater amount than the receivable amount owe to the Company. On 20 November 2017, the Company entered into a debt settlement agreement with such debtor ("Party"). The Party agreed to pay the debt of Baht 172 million, which the Party was debtor, to settlement from debt of Baht 181 million, which the party was creditor and the Company agreed to pay the remaining amount of Baht 9 million within 7 March 2018.

The gross and net balance due from the Non-performing Domestic Customer as at 31 December 2018 and 2017 are shown in the table below:

	As at 31 December	
	2018	2017
	(in million Baht)	
Account receivables		
- Customer 1	352	352
- Customer 2	65	65
	417	417
<u>Less</u> allowance for doubtful accounts	(417)	(417)
Net	-	-

The Company had no sales transactions for the years ended 31 December 2018 and 2017 with the Non-Performing Domestic Customers.

In July 2013, the Company filed complaints against the Non-performing domestic Customers with Civil Court for breach of sale and purchase agreements.

On 21 October 2013 the Civil Court ordered the Customer 1 to pay the amount of Baht 423 million and interest at 7.5% p.a. of the principal of Baht 352 million since filing date until the settlement date. However the Customer 1 could not paid as per the judgment debt. On 17 November 2016, the Customer 1 had a registration for dissolution. The Company has been sent the first notice of debt repayment on 29 June 2018 and the second notice of debt repayment on 7 August 2018. Later on 24 August 2018 the Company filed the a lawsuit to the Customer 1 against the Central Bankruptcy Court to ask the court to order and seize the Customer 1's asset and request the Customer 1 is bankruptcy. On 1 November 2018 the Court had ordered to seize the Customer 1's asset, which on December 28, 2018, the Company has already filed an application for payment of debt and the Official Receiver has ordered an appointment to inspect the application of payment on 25 February 2019.

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On 3 March 2014, the Company had made the compromise agreement with Customer 2 to pay the amount of Baht 78 million (principal amount of Baht 65 million and interest amount of Baht 13 million) by installation payment commencing on 25 March 2014 to 25 August 2016. However, the Customer 2 was defaulted the payments. However from year 2015 to the present the Company traced the land of the Customer 2 with Land Department, and not found their property. On 27 October 2017, the Company filed a lawsuit to Customer 2 against the Bankruptcy Court to ask Customer 2 to pay the debts to the Company in the amount of Baht 78 million and interest at 7.5% p.a. of the principal from the date of 25 March 2014. On 18 December 2017, the Court has ordered to seize the Customer 2's asset. On 24 January 2018, the Company has filed a request for payment with the Official Receiver and the official debt investigation was completed on 8 May 2018, and the Customer 2 did not come to the meeting of the creditor as informed by the Official Receiver. And the creditors who filed an application for payment of debt have voted to request the Court to adjudge the debtor to be bankrupt.

In June 2018, the Company filed a lawsuit against to a debtor who is a related party to the Civil Court, which had paid in partial payment and ignore the payment of the remaining debt to the Company in amount of Baht 62 million together with the interest 7.5% p.a. counting from the filing date until the payment is completed. During in 3rd quarter of 2018, the Company and the debtor could not be finalized the mediation therefore the Company had set up the allowance for doubtful accounts in a full amount of in the 3rd quarter of 2018. Later during the Court's trial, the debtor agreed to pay the debt to the Company in amount of Baht 62 million. The Company therefore filed a petition to withdraw the lawsuit on 24 December 2018 and reversed the allowance for doubtful accounts of the debtor in a whole amount in the 4th quarter 2018.

The currency denomination of trade accounts receivable, gross amount as at 31 December 2018 and 2017 was as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	431	450
United States Dollars (USD)	-	-
Total	431	450

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8 Inventories

	As at 31 December	
	2018	2017
	(in million Baht)	
Finished goods	1,132	1,511
Work in process	4	3
Raw materials	1,507	437
Consumables	427	213
Spare part	294	247
Goods in transit	689	900
Total	4,053	3,311
<u>Less</u> allowance for devaluation of inventories	(192)	(32)
Net	3,861	3,279
 Carrying value of inventories pledged to secure liabilities	 327	 126

9 Short-term loan to related party

On March 30, 2017, the Company has entered to short-term loan agreement to G Steel in the credit facilities of Baht 94 million by which the principal and interest are to be repaid within the period of 6 months with interest rate at 12.5% p.a. On 22 September 2017, the Company agreed to extend repayment period for principal and interest within 15 November 2017.

On 14 November 2017, G Steel has filed a petition for business rehabilitation with the Central Bankruptcy Court to prevent G Steel from falling into bankruptcy due to G Steel has been in default since the economic crisis in 2008 and there is a risk of being sued or bankrupt by judgment of the creditor. The Central Bankruptcy Court accepted the petition for business rehabilitation on 15 November 2017. Later on 24 December 2018 the Court ordered the dismissal of the request for rehabilitation of G Steel. At present, G Steel is in the process of procuring external sources of funds. G Steel therefore wishes to extend the term of the new loan to 15 May 2019. Subsequently, on 14 January 2019, the Company agreed to extend the repayment period with interest within 15 May 2019. For such financial assistance to G Steel by extending the term of the original loan is according to the resolution of the Company's Board of Directors meeting on 14 January 2019. By the way, the management believes that G Steel will be able to repay the loan back to the Company. Therefore, the Company does not consider the allowance for doubtful accounts.

However, the Company still ceases to recognize interest income since 15 November 2017, whereby the Company will recognize interest income only when the Company receives interest payments from G Steel.

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10 Other current assets

		As at 31 December	
		2018	2017
		(in million Baht)	
	<i>Note</i>		
Suspense input tax		16	21
Accrued interest receivable related party	5	5	5
Prepaid expense and others		197	132
		218	158
Advance to suppliers			
Connected persons or related parties	5	8	187
Other connected persons or parties		53	149
		61	336
<u>Less</u> allowance for doubtful account		(11)	(100)
Net		50	236
Total		268	394
(Reversal) Bad and doubtful debts expenses for the year		10	-

On 10 August 2018, the Company's Board of Directors meeting has approved for write-off the advance payment to suppliers and allowance for doubtful account of Baht 99 million because the Company was in breach of contract therefore the said advance payment to suppliers was confiscated.

11 Advance payment for purchase of property, plant and equipment

		As at 31 December	
		2018	2017
		(in million Baht)	
Advance for purchase land		210	210
Advance for purchase machinery		54	54
Total		264	264
<u>Less</u> allowance for impairment		(54)	(54)
Net		210	210

On 29 September 2015, the Company and the land seller agreed to mortgage 5 land title deeds which are presented as part of advances for purchase of property, plant and equipment amounting to Baht 210 million as collateral to Revenue Department, as security of tax installment for both of the Company and G Steel was amounting to Baht 330 million (For the Company was amounting to Baht 206 million) (as described to the financial statement in Note 20).

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12 Property, plant and equipment

	Land and land improvements	Building	Machinery and equipment	Furniture and fixtures (in million Baht)	Office equipment	Vehicles	Construction in progress	Total
Cost								
As at 31 December 2017	858	6,245	17,930	13	146	5	6,776	31,973
Additions	8	2	10	-	21	-	40	81
Disposals / Write-off	-	-	(7)	-	(1)	-	-	(8)
Transfers	-	-	-	-	-	-	-	-
As at 31 December 2018	866	6,247	17,933	13	166	5	6,816	32,046
Accumulated depreciation								
As at 31 December 2017	37	4,178	9,362	13	132	2	-	13,724
Depreciation charge for the year	5	92	777	-	6	-	-	880
Disposals / Write-off	-	-	(7)	-	(1)	-	-	(8)
As at 31 December 2018	42	4,270	10,132	13	137	2	-	14,596
Allowance for loss on impairment								
As at 31 December 2017	23	76	390	-	-	-	3,122	3,611
Disposals / Write-off	-	-	-	-	-	-	-	-
As at 31 December 2018	23	76	390	-	-	-	3,122	3,611
Net book value								
As at 31 December 2017	798	1,991	8,178	-	14	3	3,654	14,638
As at 31 December 2018	801	1,901	7,411	-	29	3	3,694	13,839

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Details of construction in progress as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	253	212
Total	6,816	6,775

The cost of the Company's fully depreciated plant and equipment that was still in use is amounted to Baht 936 million as at 31 December 2018 (2017: Baht 919 million).

The Company has the assets under finance lease agreements in the original cost and its accumulated depreciation as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Cost of finance lease assets	2.95	2.95
<u>Less</u> Accumulated depreciation	(0.47)	-
Net book value	2.48	2.95

Impairment evaluation

In determination of assets impairment, the management of the Company has verified various factors and concluded that there is no factor indicated the value of property, plant and equipment as at 31 December 2018 and 2017 may be impaired. And in December 2016, the management of the Company has retained an independent appraiser to evaluate the value of the land, buildings and equipment as at 31 December 2016 together with the assessing value in use of the assets by the Company's management. It concluded that as at 31 December 2018 and 2017 there is no factor indicated that the book value of the land, buildings and equipment may be impaired.

The discounted rate (before tax) for determination is 10.50% per annum in year 2018 and 12.92% per annum in year 2017.

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Mortgaged property, plant and equipment

Under the rehabilitation plan and long-term loan from a foreign company

As at 31 December 2018 the Company's property, plant and equipment, with a net book value of Baht 8,451 million, were mortgaged under the rehabilitation plan and mortgaged as security for loan creditor from a foreign company (2017: Baht 9,215 million).

The Company filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on the Company's property, plant and equipment which were held by them to secure payment of the bond issued by the Company in the past, which had been fully paid. On 28 October 2013, the Southern Bangkok Civil Court ruled in favour of the Company ordering the defendants to release the mortgaged assets. One of the defendants negotiated for make compromise agreement with the Company to release of the mortgaged assets and appealed to Southern Bangkok Civil Court to compromise the case.

On 6 May 2014, the Appeals Court has ruled the compromise agreement between the Company and one defendant that the defendant shall release the mortgaged collateral to the Company. At present the Company is in the process of redemption the collateral.

Currently, two defendants of them have released the mortgaged assets.

As described to the financial statements in Note 42.3 on 6 January 2017, the Company's Board of Directors meeting had approved the mortgaged most of land, plant and machinery for second ranking secure from facility of long-term loan from a foreign company for facility amount of USD 71 million in mortgage amount of Baht 4,022 million. Later on 13 November 2017, the Company's Board of Directors meeting has approved to increase the total mortgage amount to Baht 6,619 million.

Mortgaged as security for tax liabilities

On 14 May 2013, the Company's Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 695 million as at 31 December 2018 (2017: Baht 730 million), as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on 10 October 2013.

Later on 9 July 2015, the Company's Board of Directors had approved to place 5 pieces of land title deed to be additional security to Revenue Department. On 29 September 2015, the land had been mortgaged (as described to the financial statements in Note 11).

Mortgaged as security for facilities agreement of a local bank

On 13 November 2014, the Company's Board of Directors approved to mortgage its machinery (the Recoil Temper Mill (RTM) and the Acid Regeneration Plant (ARP)), with a net book value of Baht 650 million as at 31 December 2018 (2017: Baht 694 million), as joint security with G Steel in the facilities amount of Baht 602 million with a local bank and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on 3 March 2015 for the mortgaged amount of Baht 480 million.

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13 Intangible assets

	Computer software licences	Production licences (in million Baht)	Total
Cost			
As at 31 December 2017	203	41	244
Additions	3	-	3
Disposals / Write-off	-	-	-
As at 31 December 2018	206	41	247
Amortisation			
As at 31 December 2017	197	33	230
Amortisation charge for the year	2	1	3
Disposals / Write-off	-	-	-
As at 31 December 2018	199	34	233
Allowance for loss on impairment			
As at 31 December 2017	-	8	8
Increase (Decrease)	-	(1)	(1)
As at 31 December 2018	-	7	7
Net book value			
As at 31 December 2017	6	-	6
As at 31 December 2018	7	-	7

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14 Deferred Tax

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognised in the financial statements were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Deductible temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	83	83
- Allowance for devaluation of inventories	38	6
- Allowance for impairment - advance to suppliers	2	20
- Allowance for impairment losses on property, plant and equipments	722	722
- Allowance for impairment - intangible assets	1	2
- Depreciation gap	429	358
- Allowance for impairment - advance for purchase of machinery	11	11
- Allowance for impairment - other non-current assets	411	411
- Provision for loss on confirmed purchase orders for undelivered raw material	8	-
- Provision for employee benefits	16	14
	<hr/> 1,721	<hr/> 1,627
Loss carry forward	562	762
Total	<hr/> 2,283 <hr/>	<hr/> 2,389 <hr/>

The tax losses expire in 2018 to 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Group and the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Group and the Company can utilise the benefits there from.

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15 Other non-current assets

	As at 31 December	
	2018	2017
	(in million Baht)	
Suspended construction in progress	2,086	2,086
<u>Less</u> allowance for impairment	(2,053)	(2,053)
	<u>33</u>	<u>33</u>
Cash guarantee for the electricity usage	33	-
Restricted deposits at financial institutions	1	1
Deferred cost of roll - net	218	253
Refundable deposits	2	18
Cash seized for execution	-	5
Others	43	3
Net	<u>330</u>	<u>313</u>

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project in 1999. The carrying value of this investment was written down to its independently appraised forced sale value based on the market price of steel scrap of Baht 44 million. On 29 July 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However there is no burden of import duty on machinery and raw materials. And in year 2015, the management had reconsidered the estimated recoverable amount of assets the recoverable amount is lower than the net book value in the amount of Baht 11 million which had already recorded as loss on impairment.

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16 Interest-bearing liabilities

	<i>Note</i>	As at 31 December	
		2018	2017
		(in million Baht)	
Current			
Trade accounts payable	19		
Secured		194	28
Unsecured		-	3
		<u>194</u>	<u>31</u>
Other payables and accrued expenses			
(unsecured)	20	13	17
Short-term loan from related party (secured)	5, 17	<u>1,239</u>	<u>1,478</u>
		<u>1,446</u>	<u>1,526</u>
Non-current			
Long-term loan from related party (secured)	5, 17	<u>1,142</u>	<u>1,511</u>
Total		<u>2,588</u>	<u>3,037</u>

The periods to maturity of interest-bearing liabilities as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Within one year	1,446	1,526
After one year but no greater than five years	<u>1,142</u>	<u>1,511</u>
Total	<u>2,588</u>	<u>3,037</u>

Secured interest-bearing liabilities as at 31 December 2018 and 2017 were secured on the following assets:

	<i>Note</i>	As at 31 December	
		2018	2017
		(in million Baht)	
Inventories	8	<u>191</u>	<u>38</u>
Total		<u>191</u>	<u>38</u>

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The currency denomination of interest-bearing liabilities as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	13	17
United States Dollars (USD)	2,575	3,020
Total	2,588	3,037

17 Loan from the related party

		As at 31 December	
		2018	2017
		(in million Baht)	
Loan 1 st USD 30 million (2017: USD 41 million)	<i>Note</i> <i>42.3.1</i>	979	1,347
Loan 2 nd USD 5 million	<i>42.3.1</i>	163	164
Loan 3 rd USD 38 million (2017: USD 40 million)	<i>42.3.2</i>	1,239	1,314
Loan 4 th USD 5 million	<i>42.3.2</i>	-	164
Total		2,381	2,989
Shot-term loan from related party	<i>42.3.2</i>	1,239	1,478
<u>Deduct</u> Deferred cost of financing loan		-	(2)
		1,239	1,476
Long-term loan from related party	<i>42.3.1</i>	1,142	1,511
<u>Deduct</u> Deferred cost of financing loan		(24)	(32)
		1,118	1,479
Total		2,357	2,955

The movement of loan from related party for the year ended 31 December 2018 is as follow;

	(in million Baht)
At 31 December 2017	2,989
<u>Deduct</u> Paid principal during the year	(591)
Effect of exchange rate	(17)
Total loan from related party	2,381
<u>Deduct</u> Deferred cost of financing loan	(24)
Loan from related party - Net	
At 31 December 2018	2,357

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The currency denomination of loan from related party as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
United States Dollars (USD)	2,381	2,989
Total	2,381	2,989

18 Finance lease obligation

	As at 31 December	
	2018	2017
	(in million Baht)	
Finance lease obligation		
Vehicle	2.01	2.51
<u>Deduct</u> Deferred interest	(0.20)	(0.31)
	1.81	2.20
<u>Deduct</u> Current portion	(0.42)	(0.39)
Finance lease obligation - net	1.39	1.81

As of 31 December 2018 and 2017, the Company has finance lease obligation with the period of payment as follows:

	2018			2017		
	(in million Baht)					
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due 1 year	0.51	(0.09)	0.42	0.50	(0.11)	0.39
Payment due over 1 year						
to 5 years	1.50	(0.11)	1.39	2.01	(0.20)	1.81
Total	2.01	(0.20)	1.81	2.51	(0.31)	2.20

Under the term of lease contracts referred to above, the Company shall have the right to purchase the assets at the quoted price at the expiry date of the lease contracts and the Company shall have to comply with certain and restriction as specified in the lease contracts.

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19 Trade accounts payable

	<i>Note</i>	As at 31 December	
		2018	2017
		(in million Baht)	
Connected persons or related parties	5	6	189
Other persons or parties		2,027	681
Total		2,033	870

The currency denomination of trade accounts payable as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	1,063	740
United States Dollars (USD)	970	128
Euro Dollars (EUR)	-	2
Total	2,033	870

The Company has agreements to purchase raw materials from various suppliers. The Company withdraw raw materials and had not yet paid for the raw materials under consignment agreements totalling Baht 313 million as at 31 December 2018, the Company had to pay interest on the payable balance at the rate of 3 - 6% per annum (2017: Baht 198 million, interest rate at 1% per annum).

20 Other payables and accrued expenses

	<i>Note</i>	As at 31 December	
		2018	2017
		(in million Baht)	
Current			
Connected persons or related parties	5	14	16
Tax installments payable		174	174
Electricity payable		115	154
Other		358	380
		661	724
Non-Current			
Tax installments payable		58	232
Total		719	956

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Tax instalment payable

Revenue Department

As at 31 December 2018, the Company has outstanding balance of tax installment payable amounting to Baht 232 million (included additional full amount of surcharge, according to the Revenue code amounting to Baht 216 million) which presented as current liabilities of Baht 174 million and non-current liabilities of Baht 58 million.

Under this repayment schedule, the Company mortgaged its 1 plot of land and construction, pickle and oil line as collateral together with the guaranteed by another company.

As at 31 December 2018, the Company shall pay the above outstanding balance with the total 16 installments at Baht 14.52 million in each installment.

Other liabilities

On 17 July 2015, the Company entered into compromising agreement with the above supporting customer, in which the Company had to pay amount of Baht 101.67 million as follow;

- Monthly repayment of Baht 1.5 million commencing 28 August 2015 to 28 July 2016.
- Monthly repayment of Baht 2.0 million commencing 28 August 2016 to 28 December 2017.
- Repayment of remaining on 28 January 2018.

Any default of the installment payment is deemed to default and has to repayment of remaining immediately and the Company has to pay interest at 7.5% p.a. until completion of repayment loan balance.

On 25 January 2018, the Company has fully paid the remaining debts of Baht 49.7 million.

The currency denomination of other payables and accrued expenses as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	636	903
United States Dollars (USD)	72	29
Euro Dollars (EUR)	11	24
Total	719	956

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21 Accrued interest

	<i>Note</i>	As at 31 December	
		2018	2017
		(in million Baht)	
Other payables and accrued expenses	5, 20	5	8
Liabilities under rehabilitation plan	23	93	87
Long-term loan from related party	5, 17	34	106
Total		132	201

The currency denomination of accrued interest as at 31 December 2018 and 2017 was as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	45	48
United States Dollars (USD)	81	147
Euro Dollars (EUR)	4	4
Singapore Dollars (SGD)	2	2
Total	132	201

22 Other current liabilities

	As at 31 December	
	2018	2017
	(in million Baht)	
Payable for machinery	-	15
Liabilities related to taxes	19	10
Construction payables	12	13
Total	31	38

The currency denomination of other current liabilities as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	19	10
United States Dollars (USD)	10	26
Euro Dollars (EUR)	2	2
Total	31	38

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23 Liabilities under rehabilitation plan

	As at 31 December	
	2018	2017
	(in million Baht)	
Balance - beginning of the year	204	226
Paid during the year	(6)	(13)
Exchange rate adjustments during the year	(1)	(9)
Transfer to gain on debt restructuring	(1)	-
Write-off the expired legal prescription of liabilities	(16)	-
Balance - end of the year	180	204

Liabilities under rehabilitation plan as at 31 December 2018 and 2017 were included in the financial statements as follows:

			As at 31 December	
			2018	2017
			(in million Baht)	
Creditors	Due date			
Class 4	Employee	July 2015	4	4
Class 5	Equipment Claims	October 2011	10	10
Class 11	Operating Fund Creditors	October 2003		
	Provided in the Form of Overdraft		-	16
Class 13	Other Creditors	October 2011	166	174
Total			180	204

The repayment schedules of each creditor under Class 5 and Class 13 are not entirely consistent in terms of date, as they depend on the date of the conclusion of the debt. However, the first due date of creditors under Class 5 and Class 13 is 31 October 2011.

Although a repayment of creditors under Class 11 was due in October 2003, the repayment schedule of these creditors was conditional upon those creditors continuing to provide overdraft facilities to the Company equal to the total debt under Class 11. However, the Company has not received any such overdraft facility from the creditors under Class 11, and therefore, the repayment condition imposed on these creditors has not been satisfied.

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The Company's rehabilitation plan liabilities were duly on 31 October 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities under rehabilitation plan as at 31 December 2018 and 2017 as current liabilities in the Company's statement of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrue interest at a rate of 7.5% per annum from the date of default.

Since year 2015 to the date of the report, 5 suppliers filed a complaint against the Company for breach of the rehabilitation plan. 1 supplier with the litigation amount of Baht 1 million together with interest at the rate of 7.5% per annum from the date of filing the complaint until the date of full repayment is on the Court process and 4 suppliers with the litigation amount of Baht 5 million have been compromised and settled.

The currency denomination of liabilities under rehabilitation plan as at 31 December 2018 and 2017 was as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	78	101
United States Dollars (USD)	90	91
Euro Dollars (EUR)	8	9
Singapore Dollars (SGD)	4	3
Total	180	204

24 Provision

The movement of provision for loss in obligation on not receive raw materials purchase order, for the year ended 31 December 2018 was as follows:

	<i>Note</i>	(in million Baht)
At 31 December 2017		-
Increase in year		41
At 31 December 2018	40.3	41

	As at 31 December	
	2018	2017
	(in million Baht)	
Current	41	-
Non-current	-	-
Total	41	-

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The currency denomination of provision as at 31 December 2018 and 2017 was as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Thai Baht (THB)	-	-
United States Dollars (USD)	41	-
Total	41	-

25 Employee benefit obligations

	As at 31 December	
	2018	2017
	(in million Baht)	
Statement of financial position obligations for:		
Post-employment benefits	80	72
Total	80	72

Year ended 31 December	2018	2017
	(in million Baht)	
Statement of comprehensive income		
recognised in profit or loss:		
Post-employment benefits	8	4
Total	8	4

An unfunded plan based on Thai labour law

The Company has an employee pension scheme based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on length of service and rights.

The statement of financial position obligation was determined as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
Present value of unfunded obligations	80	72
Statement of financial position obligation	80	72

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Movement in the present value of the defined benefit obligations:

Year ended 31 December	2018	2017
	(in million Baht)	
Defined benefit obligations at 1 January	72	54
Paid benefit	-	(2)
Current service costs and interest	8	4
Loss on defined employee benefit plans	-	16
Defined benefit obligations at 31 December	80	72

Expense recognised in profit or loss:

Year ended 31 December	2018	2017
	(in million Baht)	
Current service costs	8	4
Total	8	4

The expense is recognised in the following line items in the statement of comprehensive income:

Year ended 31 December	2018	2017
	(in million Baht)	
Cost of sales and administrative expenses	8	4
Total	8	4

Total actuarial losses (gains) were recognised in other comprehensive income for the year ended 31 December 2017 amounted of losses Baht 16 million.

Principal actuarial assumptions at the reporting date:

	As at 31 December	
	2018	2017
	(%)	
Discount rate	2.8 per year	2.8 per year
Future salary increases rate	5.0 - 7.0	5.0 - 7.0
Turnover rate	5.0 - 10.0*	5.0 - 10.0*
Mortality rate	TMO 17**	TMO 17**

* Base on the weighted average by age group of employee

** Reference from TMO 17 : Thai Mortality Ordinary Tables of 2017

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Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and employee turnover rate, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of 31 December 2018 as follows:

- If the discount rate increases (decreases) by 1.0%, the employee benefit obligation decrease Baht 8.35 million (increase Baht 9.85 million).
- If the salary increase rate increases (decreases) by 1.0%, the employee benefit obligation increase Baht 9.52 million (decrease Baht 8.26 million).
- If the employee turnover rate increases (decreases) by 10.0%, the employee benefit obligation decrease Baht 4.72 million (increase Baht 5.11 million).

In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statement of financial position.

On December 13, 2018, the National Legislative Assembly approved draft of Labour Protection Act. The main point is increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. At the present, the draft is in the process of announcement in the Government Gazette. If the Act is effective, the provisions for employee benefits of the Company which calculated up to December 31, 2018 will increase by approximately amount of Baht 19.2 million. The amount shall be recorded as expense in the statement of income on the effective date of the Act.

26 Share capital

The movements of share capital for the years ended 31 December 2018 and 2017 were as follows:

	Note	Par value per share (in Baht)	2018 Number (million shares / in million Baht)	Baht	2017 Number (million shares / in million Baht)	Baht
Authorised						
At 1 January						
Ordinary shares		6.90	18,738	129,298	14,947	103,138
Increase of authorised share capital	26.1		-	-	3,791	26,160
At 31 December						
Ordinary shares		6.90	<u>18,738</u>	<u>129,298</u>	<u>18,738</u>	<u>129,298</u>

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	<i>Note</i>	Par value per share (in Baht)	2018 Number (million shares / in million Baht)	Baht	2017 Number (million shares / in million Baht)	Baht
Issued and paid up						
At 1 January						
Ordinary shares		6.90	13,928	96,104	10,585	73,039
Debt-to-equity conversion	26.1, 26.2		-	-	3,343	23,065
At 31 December						
Ordinary shares		6.90	13,928	96,104	13,928	96,104

Share premium (discount)

The movement of share premium (discount) during the year ended 31 December 2018 and 2017 are shown in the table below:

	<i>Note</i>	2018 (in million Baht)	2017
Share premium (discount)			
At 1 January		(61,757)	(39,829)
Debt-to-equity conversion	26.2	-	(21,928)
At 31 December		(61,757)	(61,757)

26.1 The allocation and offering of the newly issued ordinary shares of the Company under to the debt-to-equity conversion scheme

On 30 August 2017, the Extraordinary Shareholders' Meeting No. 1/2017 had approved as the following issues:

1. Approved the debt-to-equity conversion scheme through the allocation and offering of not more than 3,343,000,000 newly issued ordinary shares, at the par value of Baht 6.90 per share to new creditor as repayment of the net trade debts to who is the new creditor as described to the financial statement in Note 1.3 in amount of USD 32.34 million and interest payable which shall be converted to equity in amount of USD 0.59 million, the total debts be converted to equity shall be USD 32.93 million, or equivalent to Baht 1,136.54 million where the conversion price will be fixed at Baht 0.34 per share, and the aggregation shall be not greater than Baht 1,136.62 million.
2. Approved the capital increase of the Company's registered capital by not more than Baht 26,160,481,980, from the existing registered capital of Baht 103,137,868,438.50, to the new registered capital of Baht 129,298,350,418.50 by issuing not more than 3,791,374,200 newly issued ordinary shares, at the par value of Baht 6.90 per share for (1) to accommodate the allocation and offering of the newly issued ordinary shares of the Company under to the debt-to-equity conversion scheme, (2) to accommodate the rights adjustment pursuant to the Terms and Conditions, and Rights of the Issuers and Holders of the Warrants to Purchase Ordinary Shares No.2, (the "GJS-W2 Warrants"), the Warrants to Purchase Ordinary Shares No.3, (the "GJS-W3 Warrants") and the Warrants to Purchase Ordinary Shares No.4, (the "GJS-W4 Warrants") and approve the correction of additional in the Company's affidavit in clause no.4 in order to accommodate the Company's share register increased.

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On 21 September 2017, the Company was registered the increase of the Company's registered capital with the Ministry of Commerce.

3. Approved the allocation and offering of the newly issued ordinary shares of the Company by issuing not more than 3,791,374,200 newly issued ordinary shares, at the par value of Baht 6.90 per share and assign to the board of the Company's directors and/or Chief Executive Officer and/or the person who the board of the Company's directors and/or Chief Executive Officer has been assigned, has the authority to consider the details of related the said allocation and offering of the newly issued ordinary shares by which the details of:
 - 3.1 The allocation not more than 3,343,000,000 newly issued ordinary shares, at the par value of Baht 6.90 per share to new creditor where the conversion price will be fixed at Baht 0.34 per share, and the aggregation shall be not greater than Baht 1,136.62 million for paying net trade debt of USD 32.93 million or Baht 1,136.54 million under to the debt-to-equity conversion scheme. As a result, new creditor will become a majority shareholder of the Company with a shareholding of 24% of the total issued shares and indirect shareholding through G Steel of 18.97% of the total issued shares of the Company (after finish to increase the Company's issued and paid up share register). The said allocation and offering of the Company's newly issued ordinary shares under to the debt-to-equity conversion scheme, it is a transaction with the person who will have control over the company which is a connected transaction with the listed company in according to the notification of Securities and Exchange Commission Thailand (SEC) no. Tor Jor 21/2008, Re: The Criteria For Connected Transaction and the Notification of SEC, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions in 2003 (as amended) ("the Notification of Connected Transaction"), whereby the transaction size is 8.81% of the Company's Net Tangible Assets (NTA) as of 31 March 2017 which is greater than Baht 20 million or 3% of the Company's NTA. The Company is required to disclose its information to the SET and take various actions include the following actions:
 - Disclose information on the connected transections of the Company to the SET pursuant to the Connected Transaction Notifications;
 - Obtain approval by the Company's shareholders meeting with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote;
 - Appointment of independent financial advisor to perform relevant duties including the commentary as stated in the Notification of Connected Transaction, the Company will appoint JWS Financial Advisory Co., Ltd. as an independent financial advisor to perform various duties under the Notification of Connected Transaction.

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In addition, the allocation and offering of new ordinary shares of the Company under to the Debt-to-Equity Conversion Scheme at Baht 0.34, the offering price is 35.50% discount of the market price which is over than 10% of market price in according to the Notification of SEC no. Tor Jor 72/2015, Re: Allowing Listed Companies to Offer Newly Issued Shares to a Limited Person (as amended) (the “Tor Jor 72/2015 Notification”). In this regards, the said allocation and offering of new ordinary shares of the Company under to the Debt-to-Equity Conversion Scheme has to get the resolution from the company’s shareholders meeting with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote and there must not be a total number of shareholders from 10% of the total number of shareholders attending the meeting and having the right to vote against the offering of share at those price. Furthermore, although the Company get the approval from the Extraordinary Shareholders’ Meeting no. 1/2017 for the allocation and offering of new ordinary shares of the Company to new creditor, the Company have to get the approval from Securities and Exchange Commission Thailand (SEC) in according to the Tor Jor 72/2015 Notification before offering the newly issued ordinary shares to new creditor.

By the way, the offering price above is lower than the Company’s par value, the Company shall require to comply with the conditions and is approved by the meeting of shareholders of the company as prescribed in section 52 of the Public Company Limited Act B.E. 2535 (as amended) (the “PLC Act”). In this regard, the Company is able to sell the shares with the price lower than the Company’s par value because the Company has loss in the Company’s operation more than 1 year and has accumulate loss appeared in the Company’s financial statement as at 31 March 2017.

- 3.2 The allocation of new ordinary shares of the Company not more than 166,799,822 at the par value of Baht 6.90 per share, to accommodate the adjustment of rights under the GJS-W2 Warrants which get the approval from the Extraordinary Shareholders Meeting no. 1/2009 on 18 December 2009 arising from the allocation and offering of new ordinary shares of the Company under to the Debt-to-Equity Conversion Scheme, as detail below:

	Before adjustment	After adjustment
<i>GJS-W2 Warrants</i>		
- Exercise Price (Baht)	2.070	1.9467
- Exercise Ratio	1 Unit : 0.363 Share	1 Unit : 0.386 Share

- 3.3 The allocation of new ordinary shares of the Company not more than 136,906,049 at the par value of Baht 6.90 per share, to accommodate the adjustment of rights under the GJS-W3 Warrants which get the approval from the Extraordinary Shareholders Meeting no. 1/2013 on 7 January 2013 arising from the allocation and offering of new ordinary shares of the Company under to the Debt-to-Equity Conversion Scheme, as detail below:

	Before adjustment	After adjustment
<i>GJS-W3 Warrants</i>		
- Exercise Price (Baht)	1.500	1.3722
- Exercise Ratio	1 Unit : 0.400 Share	1 Unit : 0.437 Share

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- 3.4 The allocation of new ordinary shares of the Company not more than 144,668,329 at the par value of Baht 6.90 per share, to accommodate the adjustment of rights under the GJS-W4 Warrants which get the approval from the Extraordinary Shareholders Meeting no. 1/2013 on 7 January 2013 arising from the allocation and offering of new ordinary shares of the Company under to the Debt-to-Equity Conversion Scheme, as detail below:

	Before adjustment	After adjustment
<i>GJS-W4 Warrants</i>		
- Exercise Price (Baht)	1.500	1.3722
- Exercise Ratio	1 Unit : 0.400 Share	1 Unit : 0.437 Share

4. Approved the allocation and offering of the newly issued ordinary shares of the Company to new creditor where the conversion price will be fixed at Baht 0.34 per share, and the aggregation shall be not greater than Baht 1,136.62 million for paying net trade debt of USD 32.93 million or Baht 1,136.54 million under to the Debt-to-Equity which offer newly issued shares to a specific investor (Private Placement) at the specific the offering price with a discount of more than 10% of market price according to Notification of SEC, Tor Jor 72/2015.
5. Approved the waive from the requirement to make a tender offer for all securities of the business (Whitewash) due to new creditor advised the Company that it did not wish to make a tender offer for all securities of the Company and that it wished to apply for a waiver from the requirement to make a tender offer for all securities of the business by virtue of the resolution of the shareholders' meeting of the Company (Whitewash) in accordance with Notification of the Office of the SEC No. Sor Chor 36/2546 Re: Rules for the Application for the Waiver from the Requirement to Make a Tender Offer for All Securities of the business by virtue of the Resolution of the Shareholder's Meeting of the Business.

26.2 Conversion debt-to-equity

On 21 September 2017 the Company has registered increase share capital by conversion debt of USD 32.93 million or equivalent to Baht 1,096 million to share capital of Baht 23,065 million (ordinary shares of 3,342,751,016 shares at par value Baht 6.90 per share) to new creditor as described to the financial statement in Note 1.3.

Under conversion debt-to-equity, the Company fix the price at Baht 0.34 per share as the fair value for conversion debt-to-equity which this price is agreed by both parties together. Resulting to the Company has a discounted on ordinary share amounted to Baht 21,928 million and has loss from conversion debt-to-equity of Baht 40 million. However, this debt restructuring plan by debt-to-equity conversion scheme has net gain as described to the financial statement in Note 29.

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27 Warrants

The movements of warrants for the year ended 31 December 2018 and 2017 were as follows:

	Offering price per unit (in Baht)	2018 Unit Amount (million units / in million Baht)	2017 Unit Amount (million units / in million Baht)
Warrants			
At 1 January			
- Second Warrants (GJS-W2)	0.03	-	4,933
- Third Warrants (GJS-W3)	0.00	3,674	3,674
- Fourth Warrants (GJS-W4)	0.00	2,754	2,754
Movement during the period:			
- Issue of new warrants		-	-
- Expiration		-	(4,933)
At 31 December			
- Second Warrants (GJS-W2)	0.03	-	-
- Third Warrants (GJS-W3)	0.00	3,674	3,674
- Fourth Warrants (GJS-W4)	0.00	2,754	2,754

The Extraordinary Shareholders' Meeting No. 1/2017 which was held on 30 August 2017 had approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W2, GJS-W3 and GJS-W4 which effective on 21 September 2017. Details are as follow:

	Before adjustment	After adjustment
GJS-W2 Warrants		
- Exercise Price (Baht)	2.070	1.9467
- Exercise Ratio	1 Unit : 0.363 Share	1 Unit : 0.386 Share
GJS-W3 and GJS-W4 Warrants		
- Exercise Price (Baht)	1.500	1.3722
- Exercise Ratio	1 Unit : 0.400 Share	1 Unit : 0.437 Share

Detail of warrants as at 31 December 2018 are as follow:

	GJS- W2 (a) and (c)	GJS- W3 (a)	GJS- W4 (b)
Exercise ratio (Unit : Share)	1 : 0.386	1 : 0.437	1 : 0.437
Price of exercise to one Common Share (Baht)	1.9467	1.3722	1.3722
The first day of exercise	30 December 2010	28 June 2013	28 June 2013
The last day of exercise	12 December 2017	7 February 2020	11 February 2020

(a) Listed in The Stock Exchange of Thailand

(b) Non-listed in The Stock Exchange of Thailand

(c) On 12 December 2017 second warrants of 4,933 million units there was no warrant holders exercise and it was canceled by the Stock Exchange of Thailand on the following day.

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28 Reserves

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

The movements of other components of equity for the year ended 31 December 2018 and 2017 were as follows:

	2018	2017
	(in million Baht)	
Other components		
Cash received from expired warrants		
At 1 January		
- First Warrants (A)	162	162
- Second Warrants (B)	148	148
At 31 December	310	310

(A) Upon the cancellation of the 3,234 million units of First Warrants in year 2011, their carrying value at Baht 0.05 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 162 million.

(B) Upon the cancellation of the 4,933 million units of Second Warrants in year 2017, their carrying value at Baht 0.03 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 148 million.

29 Net gain from debt restructuring

Details of gain from debt restructuring for the year ended 31 December 2018 and 2017 were as follows:

		2018	2017
		(in million Baht)	
	<i>Note</i>		
Gain from the Creditor waived the debt	1.3		
- Accrued interest expenses		1	656
- Accrued withholding tax		-	118
Loss from debt-to-equity conversion	26.2	-	(40)
Net		1	734

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30 Net gain from write-off the expired legal prescription of liabilities

On 9 November 2018, the Company's Board of Directors meeting had approved to write-off the expired legal prescription of liabilities of Baht 133 million (comprising of the debt in Euro Dollars (EUR) of 0.11 million, debt in Pound Sterling (GBP) of 4 thousand, debt in United States Dollars (USD) of 1.24 million and debt in THB of 84.47 million).

On 19 November 2018, the Company's Board of Directors meeting had approved to write-off the expired legal prescription of receivables of Baht 20 million. However, such receivable is the same as some portion of the expired legal prescription of liabilities as described in above.

Detail of net gain from write-off the expired legal prescription of liabilities for the year ended 31 December 2018 and 2017 were as follows:

	2018	2017
	(in million Baht)	
Trade accounts payable	13	-
Other payables and accrued expenses	93	-
Accrued interest expenses	2	-
Liabilities under rehabilitation plan	16	-
Other current liabilities	17	-
Other current assets	(5)	-
Other non-current assets	(17)	-
Net gain from write-off the expired legal prescription of liabilities	119	-

31 Operating Segments

Segment information is presented in respect of the Company's geographical segments based on the Company's management and internal reporting structure.

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of flat-rolled steel products, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

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Revenue and gross profit (loss) based on geographic segment, for the years ended 31 December 2018 and 2017 were as follows:

	For the year ended 31 December	
	2018	2017
	(in million Baht)	
Segment revenue		
Domestic	28,887	15,178
Oversea	1,023	-
Total	29,910	15,178
Segment result - gross profit (loss)	282	859

Information about major customers

For the year ended 31 December 2018 and 2017, the Company had revenues from the domestic sale to one and five customers for the total amount of Baht 4,291 million and Baht 9,314 million respectively.

32 Selling expenses

	For the year ended 31 December	
	2018	2017
	(in million Baht)	
Packing expenses	5	5
Domestic shipping expenses	357	180
Total	362	185

33 Administrative expenses

		For the year ended 31 December	
		2018	2017
		(in million Baht)	
Idle costs - depreciation and amortisation expenses	35	52	51
Depreciation and amortisation expenses	35	36	41
Employee benefit expenses	34	279	267
Professional and consulting fees		40	35
Others		93	102
Total		500	496

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34 Employee benefit expenses

		For the year ended 31 December	
		2018	2017
	Note	(in million Baht)	
Management			
Wages and salaries		29	28
Welfare		3	4
Contribution to provident fund		1	1
	5	<u>33</u>	<u>33</u>
Other employees			
Wages and salaries		382	354
Welfare		155	151
Contribution to provident fund		22	21
	33	<u>559</u>	<u>526</u>
Total		<u>592</u>	<u>559</u>

Defined benefit plans

Details of the defined benefit plans are given to the financial statement in Note 25.

Defined contribution plans

The defined contribution plan comprises a provident fund established by the Company for its employees. Membership in the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Company at rates ranging from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

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35 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		For the year ended 31 December	
		2018	2017
	<i>Note</i>	(in million Baht)	
Included in cost of sales of goods:			
Changes in inventories of finished goods			
decrease (increase)	8	379	(1,202)
Raw materials and consumables used		12,907	10,685
Depreciation and amortisation expenses		825	941
Employee benefit expenses	34	283	288
Depreciation and amortisation expenses			
(including in idle cost)		84	-
Employee benefit expenses			
(including in idle cost)	34	30	-
Included in administrative expenses:			
Depreciation and amortisation expenses			
(including in idle cost)	33	52	51
Depreciation and amortisation expenses	33	36	41
Employee benefit expenses	33, 34	279	267
Operating lease expense		12	8
Write off of assets		-	8

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36 Finance costs

		For the year ended 31 December	
		2018	2017
	Note	(in million Baht)	
Finance costs			
- Related party	5	440	91
- Other parties		35	180
Total		475	271

37 Income tax expense

The Company did not record income tax expense in the statement of income because the Company has significant losses brought forward from prior years. Deferred tax assets have not been recognised in respect of these losses as disclosed to the financial statement in Note 14.

The Company used the income tax rate of 20% in the value measurement of deferred tax assets and liabilities as at 31 December 2018 and 2017.

38 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2018 and 2017 were based on the profit (loss) for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

		2018	2017
	Note	(in million Baht / million shares)	
Profit (loss) for the year attributable to ordinary shareholders of the Company		(836)	990
Number of ordinary shares outstanding at 1 January		13,928	10,585
Effect from debt-to-equity conversion	26	-	934
Weighted average number of ordinary shares outstanding		13,928	11,519
Basic (earnings) loss per share (in Baht)		(0.060)	0.086

Diluted earnings (loss) per share for the years ended 31 December 2018 and 2017 are not presented because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares and these potential shares would decrease the earnings (loss) per share.

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39 Financial instruments

As at 31 December 2018 and 2017, the Company had not entered into any derivative contracts to hedge its exposure to foreign currency exchange risk.

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital management

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board is presently seeking additional capital investment in order to secure the ongoing viability of the Company.

Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and liabilities or net interest income as a result of the fluctuation of the market interest rate. Most of the interest rates of financial assets and liabilities of the Company are fixed rates, which are based on contract rates.

The effective interest rates of financial assets and financial liabilities as at 31 December 2018 and 2017 and the periods to maturity or re-pricing were as follows:

	Note	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2018						
Financial assets :						
Cash and cash equivalents	6	0.37 - 0.50	201	-	-	201
Restricted deposits at financial institutions	15	1.375	1	-	-	1
Total			202	-	-	202
Financial liabilities :	16					
Trade accounts payable (with interest - bearing)		3 - 6	194	-	-	194
Other payable and accrued expenses (with interest - bearing)		7.5	13	-	-	13
Financial lease obligations		5.28	-	2	-	2
Loan from related party		12	1,239	1,118	-	2,357
Total			1,446	1,120	-	2,566

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	<i>Note</i>	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017						
Financial assets :						
Cash and cash equivalents	6	0.25 - 0.625	578	-	-	578
Restricted deposits at financial institutions	15	1.375	1	-	-	1
Total			579	-	-	579
Financial liabilities :	16					
Trade accounts payable (with interest - bearing)		1	31	-	-	31
Other payable and accrued expenses (with interest bearing)		7.5	17	-	-	17
Financial lease obligations		5.28	-	2	-	2
Loan from related party		12	1,478	1,511	-	2,989
Total			1,526	1,513	-	3,039

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

As at 31 December 2018 and 2017, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	<i>Note</i>	2018 (in million Baht)	2017
United States Dollars			
Cash and cash equivalents	6	4	6
Trade accounts payable	19	(970)	(128)
Other payables and accrued expenses	20	(72)	(29)
Accrued interest expenses	21	(81)	(147)
Other current liabilities	22	(10)	(26)
Liabilities under rehabilitation plan	23	(90)	(91)
Loan from related party	17	(2,381)	(2,989)
Gross exposure in statement of financial position		(3,600)	(3,404)
Estimated forecast purchases		(1,192)	(723)
Gross exposure		(4,792)	(4,127)

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		2018	2017
	<i>Note</i>	(in million Baht)	
Euro			
Trade accounts payable	19	-	(2)
Other payables and accrued expenses	20	(11)	(24)
Accrued interest expenses	21	(4)	(4)
Other current liabilities	22	(2)	(2)
Liabilities under rehabilitation plan	23	(8)	(9)
Gross exposure in statement of financial position		(25)	(41)
Estimated forecast purchases		(330)	(131)
Gross exposure		(355)	(172)
Singapore Dollars			
Accrued interest expenses	21	(2)	(2)
Liabilities under rehabilitation plan	23	(3)	(3)
Gross exposure in statement of financial position		(5)	(5)
Yen			
Estimated forecast purchases		-	(51)
Gross exposure		-	(51)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because the Company has seized to give credit terms to customers (Refer to the financial statement in Note 7). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk arises from the difficulty in mobilizing funds for timely and adequately meeting commitments under financial obligations. Liquidity risk may arise from failure to sell financial assets at a price close to the fair value.

The Company has liquidity risk as the Company needs to generate sufficient operating cash flows to meet both its working capital requirements and its operating obligations.

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Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

Maturities of financial assets and liabilities

Details of the maturities of financial assets and liabilities have been provided in the relevant notes to the financial statements.

40 Commitments with non-related parties

40.1 Commitments

	As at 31 December	
	2018	2017
	(in million Baht)	
Lease and service agreement commitments		
Within one year	6	8
After one year but no greater than five years	4	5
Total	10	13
Other commitments		
Purchase of fixed assets	107	-
Bank guarantees	179	157
Total	284	157

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40.2 Long-term agreements

- The Company entered into agreement to purchase natural gas. This agreement is effective on 1 July 2006 and is terminated after the Company has purchased natural gas for ten years since supplier has already transferred and the Company has already received natural gas. Natural gas rate depend on monthly charges based on consumption. On 1 February 2017, it has been renewed for another 2 years.
- On 1 November 2004, the Company entered into a twenty-year take-or-pay agreement to purchase oxygen, argon and nitrogen. Minimum payments under the agreement amount to approximately Baht 6 million per month.

	As at 31 December	
	2018	2017
	(in million Baht)	
Long-term agreement commitments		
Within one year	71	71
After one year but no greater than five years	282	282
After five years	59	130
Total	412	483

- On 20 January 2017, the Company entered into agreement for business advisory and review with the foreign company for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. This agreement has not specified the termination period but the Company can cancel this agreement with immediate effect if given in a written.

40.3 Raw material purchase orders

As at 31 December 2018, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totalling Baht 1,333 million (2017: Baht 1,172 million). As at 31 December 2018, the Company has estimated the provision for loss in obligation on not receive purchase orders for raw materials that have not been delivered approximately Baht 41 million (2017: Baht -0- million) based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products (Refer to the financial statements in Note 24).

As at 31 December 2018, the Company had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest of 3-6% per annum on the unreleased raw materials in addition to the payables balance (2017: 1% per annum).

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40.4 Customer advances

As of 31 December 2018, the Company had received advances from customers totaling Baht 33 million (2017: Baht 192 million) and had the obligation to deliver goods to the customers in the future.

40.5 Financial advisory agreement

The Company has entered into a financial advisory agreement with third party for advice on sourcing additional credit facilities and refinancing existing debt from financial institutions. The fees are payable based on the rate specified in the agreement.

40.6 Capital restructuring project agreement

The Company has entered into a financial advisory agreement and legal advisory agreement with two consultants for the capital restructuring project and entered into an agreement with a brokerage agent for collecting of the right issues from the shareholders. The fees are payable based on the rate specified in the agreement.

41 Litigation

41.1 The progress of the lawsuit disputes with several suppliers

Six suppliers filed a complaint against the Company for breach of several agreements related to sales and purchases and rehabilitation plan. Presently one supplier with the litigation amount of Baht 1 million together with interest at the rate of 7.5% per annum from the date of filing the complaint until the date of full repayment are on the Court process and five suppliers with the litigation amount of Baht 6 million have been compromised and settled.

41.2 The Second Section of Labour Court

A former employee filed a complaint to the Second Section of the Labour Court against the Company for the lay-off and demands the Company to pay him together with interest at the rate 7.5% per annum from the date of filing. On 12 July 2017, the Company received the Court's order that the Supreme Court has the judgment to dismiss the claim and the Company do not pay compensation.

42 Credit facilities for operation

42.1 Presently the Company get collaboration from various raw material suppliers both local and overseas with Supplier Credit in term of Collateral Management Agreement ("CMA"), the Company gets CMA from 2 overseas raw material suppliers amounting to USD 30 - 120 million and CMA from 1 local raw material supplier in term of supporting production tonnage by 240,000 tons per year.

The Company has used the supplier credit facilities as working capital for many years to purchase of scrap which is the main raw material of the production.

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42.2 On 25 February 2016, the Company and G Steel have executed the amendment credit facilities with the local bank in which the Company received the Bank Guarantee (BG) in the amount of Baht 252 million. In respect this agreement, the Company and G Steel have to provide securities under the aforementioned credit facilities to a local bank as below:

- G Steel will increase the mortgaged amount of the existing mortgaged machine from formerly Baht of 475.6 million to the new mortgage of Baht 510 million.
- The Company will mortgage the machinery in 2 items; the Recoil Temper Mill (RTM) and the Acid Regeneration Plant (ARP), for the mortgaged amount of Baht 480 million.

As at 31 December 2018, Company has utilized the bank guarantee in amounting of Baht 145 million (2017: Baht 156 million).

42.3 On 6 January 2017, the Company's Board of Directors meeting had approved for entering the long-term loan agreements in the facilities amount not exceeding of USD 111 million not only to solve the default long outstanding debt since in year 2012 but also to spend for working capital as the summarized transactions in following:

42.3.1 On 22 January 2017, the Company (borrower) has entered the long term loan agreement in the facilities amount of USD 71 million with Link Capital I (Mauritius) Limited (lender) (previously was non-related party and on 21 September 2017 onwards is considered as related party) with the fixed interest rate at 12 p.a., in a period of 5 years and collateral with second ranking in mortgage most of land, plant and machinery. The loan facilities are separately in 2 groups as described below.

1. The first loan facility of USD 41 million for the purpose of repayment of new creditor and includes all reimbursement expenses from lender such as due diligence expenses and other expenses related the processes to ensure the long term loan agreement completed. On 1 February 2017, the Company had drawn down the loan of USD 41 million in order to repayment principal and interest payable to new creditor as described to the financial statement in Note 1.3.

Later on 7 March 2018 there was an amendment of the loan agreement for the first loan facility and the second loan facility on that the Company may prepay the loan before the first anniversary of the first draw down in which the Company must give the lender not less than 30 days' written notice of the prepayment, or after the first anniversary of the first draw down. After repaid of the first loan facility, the outstanding available of the first loan facility allow to transfer and increase in the second loan facility. By the way, the time frame that can proceed to increase the second loan facility must be done no later than 7 June 2018 for the purpose of working capital (Non-Tolling) and no later than 28 February 2019 for the purpose of Non-Tolling Standby Letter of Credit for Metallic Purchase Contract.

On 28 March 2018 and 4 April 2018, the Company had repaid the first loan facility in total amount of USD 11 million and it transfers and increases in the second loan facility for the purpose of Non-Tolling Standby Letter of Credit for Metallic Purchase Contract.

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2. The second loan facility of USD 30 million for the purpose of working capital and capital expenditure. On 10 October 2017, the Company had drawn down the loan of USD 5 million. Subsequent on 19 December 2017, the new loan facility has been reduced to USD 25 million and additional the purpose of draw down as described in Note 42.3.2 Moreover as described in Note 42.3.1.1 There was an amendment of the loan agreement for the prepayment of the loan before the first anniversary of the first draw down in which the Company must give the lender not less than 30 days' written notice of the prepayment, or after the first anniversary of the first draw down.

As at 31 December 2018, the Company has drawdown the second loan facility in the purpose of Non-Tolling Standby Letter of Credit and Metallics Purchase Contract of USD 35 million.

- 42.3.2 For another credit facility of USD 40 million on 6 November 2017, the Company's Board of Directors meeting had approved for entering the loan agreements in the period not over 2 years which revised the existing facilities to USD 50 million for the purpose of increasing working capital for operation and purchasing of raw material, and increasing the capacity of the Company with the interest rate in between 2% - 12% p.a. depend on the loan facilities. On 13 November 2017 and 19 December 2017, the Company entered to amend the loan agreement from original contract as mentioned in Note 42.3.1 to revise the total loan facility not exceeding USD 121 million by applied the same collateral as mentioned in Note 42.3.1 with the followings:

1. Second loan facility reduced to USD 25 million (and later as mentioned in Note 42.3.2.3 after the Company repaid the fourth loan of USD 5 million, the second loan facility has revert to USD 30 million) and additional the purpose of drawdown for Metallic Purchase Contract and for Non-Tolling Standby Letter of Credit.
2. Third loan facility of USD 50 million as short-term period of one year, interest rate of 12% p.a. for the purpose of supporting to tolling with G Steel, Metallic Purchase Contract and Tolling Standby Letter of Credit. During in November 2017, the Company had drawdown the loan of USD 40 million. On 24 December 2018, the Company has repaid the third loan facility in total amount of USD 2 million

As at 31 December 2018, the Company has drawdown the third loan facility for Tolling Standby Letter of Credit in the purpose of Metallics Purchase Contract of USD 4.2 million.

3. Fourth loan facility of USD 5 million as short-term period of three-month, interest rate of 12% p.a. for the purpose of purchase of raw material. If there is a fully repaid of fourth loan facility, then the fourth loan facility shall be closed and divert to the second loan facility. On 20 December 2017, the Company had drawdown the loan of USD 5 million.

Later on there was a fully repaid of fourth loan facility on 9 March 2018, as a result the fourth loan facility had been closed and divert to the second loan facility.

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43 Events after the reporting period

43.1 The capital restructuring of the Company

On 14 January 2019, the Extraordinary Shareholders' Meeting No.1/2019 had approved the important matters as follows:

- 43.1.1 Approved the transfer of legal reserve in the amount of Baht 18,507,421.67 to compensate the retained losses.
- 43.1.2 Approved the reduction of the Company's registered capital from Baht 6.90 to Baht 0.96 to compensate the Company's retained losses resulting to the Company's registered capital decreased from the original amount Baht 129,298,350,418.50 to Baht 17,989,335,710.40 and the Company's paid-up capital shall reduce from Baht 96,104,091,707.70 to Baht 13,371,004,063.68, in which the Company shall apply the reduced paid-up capital to clear the discount on share capital of Baht 61,757,357,060.14 and the retained losses of Baht 20,975,730,583.88, respectively. And approved the amendment of clause 4 of the Company's memorandum of association to be in line with the reduction of registered capital by reducing the par value to compensate the Company's retained losses.
- 43.1.3 Approved the reduction in the registered capital of the Company in the amount of 1,957,748,965 shares, with a par value of Baht 0.96 per share, from the existing registered capital of Baht 17,989,335,710.40 to Baht 16,109,896,704 by cancelling the Company's authorized but unissued shares, prior to the increase of the Company's registered capital, and approve the amendment clause 4 of the Company's memorandum of association to be in line with the reduction of registered capital by cancelling the Company's authorized but unissued shares.

Such cancelling of authorized but unissued shares does not include the ordinary shares of the Company allocated to accommodate the exercise of the warrants to purchase the ordinary share no. 3 ("GJS-W3"), in the amount of 1,606,677,915 shares which was approved by the Extraordinary General Meeting of the Shareholders No. 1/2017 which was held on 30 August 2017 and the warrants to purchase the ordinary share no. 4 ("GJS-W4"), in the amount of 1,246,335,252 shares which was approved by the Extraordinary General Meeting of the Shareholders no. 1/2017 which was held on 30 August 2017.

- 43.1.4 Approved the rights adjustment of GJS-W3 Warrant and GJS-W4 Warrant according to the rate and price of rights adjustment are as follows:
 - 43.1.4.1 Adjustment of rights in case there is a change in the par value of the Company's ordinary shares.

	Before adjustment	Adjustment from capital reduction
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share

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- 43.1.4.2 Adjustment of rights in case the Company allocates the newly-issued ordinary shares of the Company share to the existing shareholders of the Company in proportion to their respective shareholding (Right Offering) at the calculated net price for newly issued stock below 90 percent of the Market Price for Ordinary Share.

	Adjustment from capital reduction	Adjustment from issued newly shares to existing shareholders
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share

- 43.1.5 Approved the increase in registered capital by the amount of Baht 11,490,928,047.36 from the existing registered capital of Baht 16,109,896,704 to Baht 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of Baht 0.96 per share to accommodate the allocation and offering of newly-issued shares to existing shareholders of the Company in proportion to their respective shareholding (Right Offering) and accommodate the adjustment of right under GJS-W3 and GJS-W4 and approve the amendment of clause 4 of the Company's memorandum of association to be in line with the increase in the Company's registered capital.

- 43.1.6 Approved the allocation of the Company's newly-issued shares in the amount of not exceeding 11,969,716,716 shares, at a par value of Baht 0.96 per share to accommodate:

- 43.1.6.1 The allocation of the newly-issued ordinary shares of the Company in the amount of not exceeding 11,560,347,263 shares, with a par value of Baht 0.96 per share to the existing shareholders of the company in proportion to their respective shareholding (Right Offering) with the price of Baht 0.13 per share, in the allocation ratio of 1 existing shares per 0.83 new shares where the fraction of shares shall be discarded.

In this regard, since the Company has accumulated losses in the statement of financial position and the profit and loss statements for the three-month and nine-month periods ended 30 September 2018, the Company is able to determine the offering price of newly-issued ordinary share with the price of Baht 0.13 per share, at a price lower than the par value, and as such require the Company to comply with Section 52 of the PLC Act (as amended). This issuance and offering of newly-issued ordinary shares of the Company will be the offering of newly-issued ordinary shares in proportion to the respective shareholding. In case there are decimals arisen from the calculation, such decimals shall be rounded down. The existing shareholders are entitled to subscribe for the shares exceeding their shareholding proportion. In case there are ordinary shares left from the allocation to the existing shareholders in accordance with their shareholding proportion, the Company will allocate such remaining shares to the shareholders who intend to subscribe for the newly-issued ordinary shares in excess of their shareholding proportion, at the same price. Such allocation of shares shall be proceeded until there is no ordinary

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shares left or there is no more shareholder who intends to subscribe for the newly-issued ordinary shares. In case there are ordinary shares left from this increase of capital, such remaining ordinary shares will be cancelled.

In case any shareholder intends to subscribe the newly-issued ordinary shares in the amount exceeding his shareholding proportion and such subscription causes the total holding of Company's shares by such a shareholder and his related persons under Section 258 of the PLC Act to exceed 25 percent of the total voting shares of the Company, such a shareholder is obliged to proceed the tender offer of the total securities of the Company according to the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (the "Notification on Acquisition of Securities for Business Takeovers"), unless such a shareholder is granted the exception to proceed the tender offer of all the securities of the Company, as prescribed in the Notification on Acquisition of Securities for Business Takeovers.

In this regard, the date specified for determining the names of shareholders entitled to the allocation of newly-issued ordinary shares to existing shareholders in proportion to their respective shareholding (Right Offering) (Record Date) shall be 27 March 2019.

43.1.6.2 The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant and GJS-W4 Warrant as follows:

- 1) The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant in the amount of 230,536,917 shares at the par value of Baht 0.96.
- 2) The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W4 Warrant in the amount of 178,832,536 shares at the par value of Baht 0.96.

43.2 Loan from related party

Since 1 January 2019 to the reporting date, the Company has repaid third loan facility in amount of USD 20 million.



GJS

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