

**GJS**

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**Annual Report 2019**

*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 <sup>th</sup> 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:	<a href="http://www.gjsteel.co.th">www.gjsteel.co.th</a>
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:	773 persons
Registered Capital:	Baht 27,600,824,751.36
Paid-up Capital:	Baht 24,467,648,060.16
Paid-up Common Stock:	25,487,133,396 Ordinary shares, with per value of Baht 0.96 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  
E-mail : IR@gjsteel.co.th

#### Other Related Information:

- None -

## Message from the Chairman



GJ Steel Public Company Limited has continued to strengthen its Balance Sheet by raising additional capital through the Right Offering transaction. Once again, the Company received the full support of shareholders, as reflected in the over-subscription for the Right Offering shares. We are determined to utilize the new funds efficiently to maximize the Company's share value.

The year 2019 was one of our most challenging years, due to the slowdown of the global economy, which affected the demands in the real estate and construction sectors. Nevertheless, major steel producers have tried to remain in their market positions by maintaining their productivity, resulting in oversupply. Consequently, the

world price of steel products has reached its lowest point for the last five years. Due to the influx of steel products to Thailand, we have worked closely with governmental agencies to provide market information that confirms the dumping of steel products in the Thai market by certain countries and produces. We hope that the government will take anti-dumping measures and support fair trade in Thailand during this depressed market situation

On behalf of the Board of the Directors, management, and employees, we would like to take this opportunity to express our sincere gratitude to all of our shareholders for your kind support in this difficult year. We would not be here without the support from our customers and trade partners. To express our gratitude, we will be more determined than ever to improve our services in all areas.

Chainarong Monthienvichienchai  
Chairman of the Board of Directors



## Message from Chief Executive Officer

The Global Steel industry started on a good note in Year 2019, but could not sustain the momentum and prices started declining from Quarter 2. Thailand Steel industry's flat products sector in particular, also faced challenges arising out expiry of Safe Guard Measures since Feb'19 leading to surge in import of alloy steel and Galvanized products. Thailand's Finished steel production at 7.63 mt declined by 15.5% and consumption at 18.47 mt also reduced by 4.5% in 2019. Hot Rolled Steel consumption for 2019 was at 6.66mt, decreasing by 8.35% (thin gauge at 6.09 mt, less by 9.70%). Import of flat products at 9.36 mt into Thailand went up by 2.5 % over previous year. Overall flat products consumption in 2019 could not be sustained and reduced by 2.7%.



G J Steel in 2019, sold 710 k mt of HR Coils by operating the plant in off peak period as per market demand. Production of Value added steel was higher by 3.5% over previous year consisting of AK grade with gas cylinder grade, high tensile and others. Production was partly affected in Q-1, 2019 due to major breakdowns in EAF/mill area. Company raised additional funds through Right issue for the working capital, capex and other critical requirements like procurement of insurance spares. Thrust on Capex scheme to improve the cost efficiency, technological obsolesces, quality, product development, etc. got momentum and major schemes due for implementation in 2020. Apart from ordering for Capex items, several steps for cost improvements were also undertaken.

ISIT has estimated Thailand Steel demand to increase by 0.7% for the year 2020 compared to global projection of 1.7% increase by Worldsteel Association. The initial estimate has been based on Thai Governments measures to accelerate construction projects and private investments. However with the impact of Covid 19 outbreak, the estimated projections may get significantly affected. We remain committed to G J growth story and believe that overall potential remains intact, supported by Company's internal measures taken/being taken to optimize the cost and maximize realization. We expect Government help to curb imports to sustain the domestic market demand similar to the protection measures being provided by large number of countries to their domestic steel producers. All the seven Steel Industry Association is perusing Government for immediate help.

We are committed to put all efforts to meet the expectations of our esteemed stakeholders. I would like to express my sincere thanks to our all esteemed Stakeholders, G J collective, Customers, Suppliers, Investors and the Royal Thai Government for their kind support and look forward to our shared successes ahead

AP Choudhary  
Chief Executive Officer

## Report of Chief of Corporate Social Responsibility



G J Steel Public Company Limited, a manufacturer of hot rolled steel flat product by the process of steel melting, slab casting and hot rolling into the same factory, has mainly policy to conduct the business in comply with good corporate governance by paying attention to supervise the production process along with promoting and realizing social and environmental responsibility to avoid any impact to the community and social environment around the factory. The Company has utilized resources efficiently and worthily whether water, electricity, and etc., to produce and deliver a good quality products to customers. In this regard, the Company also emphasizes on taking care and contributing to the community and social regularly and continuously together with focus on taking care of all employees within the organization feel happy and work safety and providing with welfare and well-being as well as supporting personal development to increase their knowledge, competency and work expertise regularly. All of these are always the Company's main policy.

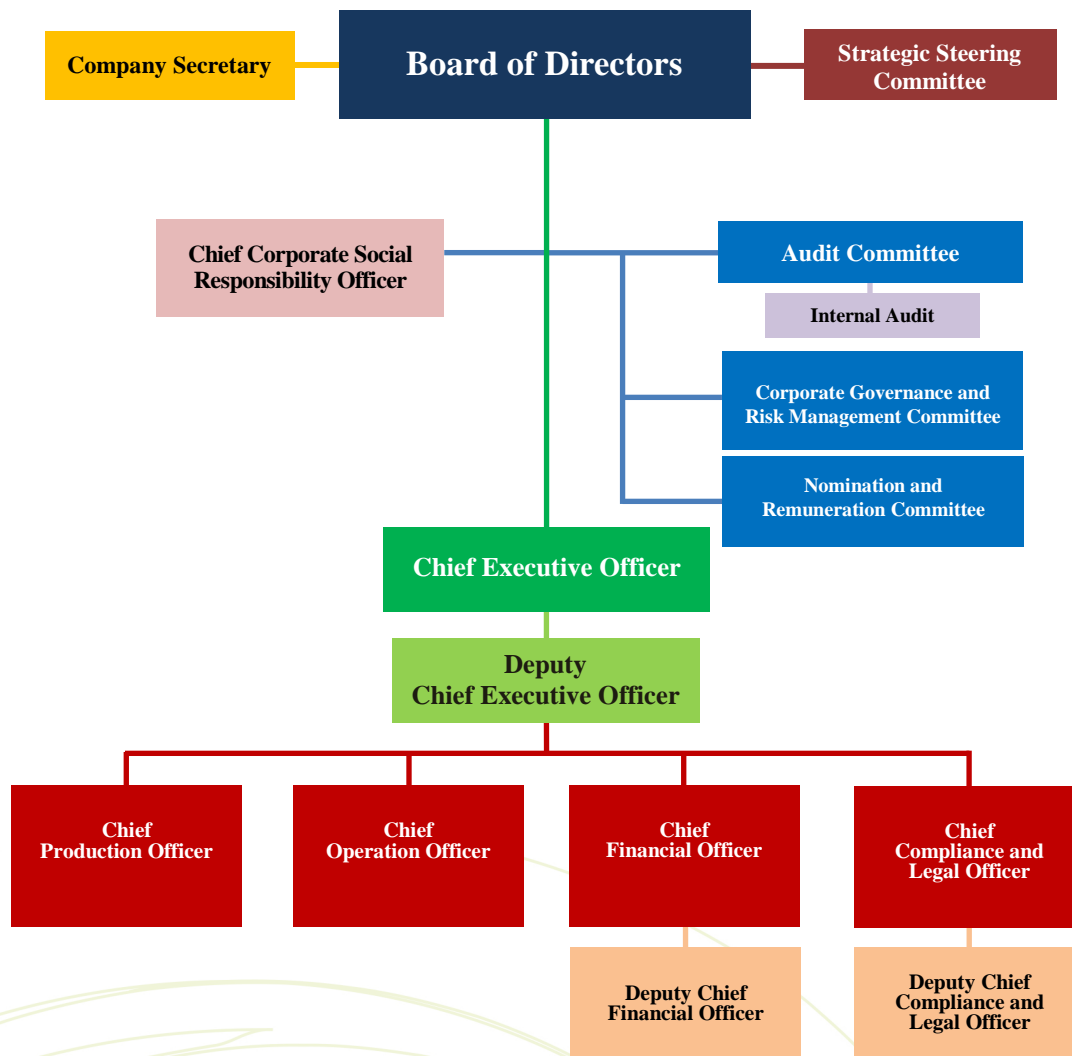
On September 19, the Company received “the Green Mining Awards 2019” that is the Green Mining Standard Award for the Metallurgy Factory, and “the CSR-DPIM Continuous Award 2019” for the factory that has continuous social responsibility operations from Mr. Dheerayut Varnitshang, Vice Minister for Industry, Ministry of Industry in the “Green Mining Award 2019” organized by the Department of Primary Industries and Mines, Ministry of Industry. These two prestigious awards are for continuing and accountable corporate social responsibility (CSR) activities.

During the year 2019, the Company conducted CSR activities by focusing on participation in social development to be a good quality society, promoting the sport and promoting culture and preserving cultural heritage such as blood donation to the Thai Red Cross, public charity activity by providing money to charity to Queen Savang Vadhana Memorial Hospital Sriracha and Father Ray Redemptorist Foundation Pattaya and activity on making merit on Songkran Day in the Company together with there are activities with the community and society by participation in community economic development activities and supporting local activities, communities, such as Lent Day Kathin activities, make merit Mother's Day activities, sport activities, landscape adjustment activities for communities, activity to share kindness from elder to younger, activity to help donate things to help flood victims, opening a house to educate institutions and communities. For activities in the organization, the Company has emphasized on health care for employees and cooperation to take care of the environment, such as a health checkup project, providing health education to employees, planting trees in a factory in order to create a good environment. In addition, the Company also participated in CSR activities with Department of Primary Industries and Mines, Ministry of Industry continuously on yearly basis. In this regard, the Company is also aware and strict in respect of taking care environmental to comply with relevant laws to preserve the environment in order to prevent pollution in the surrounding communities.

G J Steel Public Company Limited is still committed to the policy to build our organization responsible to the employees, society, community, environment and all stakeholders of the company through the closed cooperation between the management and all employees, which will continue to have a shared commitment under the volunteer spirit and continuous sacrifice.

Khunying Patama Leeswadtrakul  
Chief Corporate Social Responsibility Officer

## Organization Chart





# Board of Directors

As at 31 March 2020



**Dr. Somsak  
Leeswadtrakul**  
Honorary Chairman



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



**Assoc. Prof. Niputh  
Jitprasonk**  
Independent Director  
Chairman of the Audit Committee



**Mr. Stephen  
Karl Stewart**  
Independent Director  
Audit Committee Member



**Mr. Yingsak  
Jenratha**  
Independent Director  
Audit Committee Member



**Mr. Yanyong  
Kurovat**  
Director  
Authorized Director



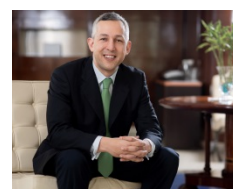
**Mr. Somchai  
Leeswadtrakul**  
Director  
Authorized Director



**Miss Soontareeya  
Wongsirikul**  
Director  
Authorized Director



**Mr. Richard  
Jim Yee**  
Director



**Mr. Andreas Rizal  
Vourloumis**  
Director  
Authorized Director



**Mr. Sudhir  
Maheshwari**  
Director  
Authorized Director



**Mr. Amrendra Prasad  
Choudhary**  
Director  
Authorized Director



**Mrs. Kwanjai  
Kasemlonnappa**  
Company Secretary

## The Executives



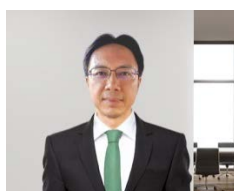
**Khunying Patama  
Leeswadtrakul**  
Chief of Corporate Social  
Responsibility Officer

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



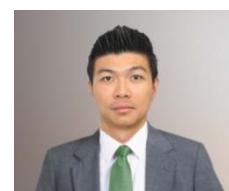
**Mr. Sittisak  
Leeswadtrakul**  
Deputy Chief Executive Officer

**Mr. Rajeev  
Jhawar**  
Chief Financial Officer



**Mr. Sudchai  
Visuddhidham**  
Chief Production Officer

**Mr. Yotsakorn  
Srisuksawadi**  
Deputy Chief Financial Officer  
Deputy Chief Compliance and Legal Officer



## Executive Committee



**Mr. Amrendra Prasad  
Choudhary**  
Chairman of the Executive Committee

**Mr. Sittisak  
Leeswadtrakul**  
Member



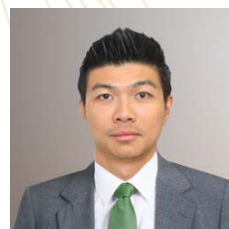
**Mr. Warawut  
Suwannasorn**  
Member

**Mr. Rajeev  
Jhawar**  
Member



**Mr. Sudchai  
Visuddhidham**  
Member

**Mr. Yotsakorn  
Srisuksawadi**  
Member



## Board of Directors

**Mr. Chainarong Monthienvichienchai** (75 years)

Current position

Chairman of the Board of Directors and Independent Director

Date of Appointment as a Director

30 August 2017

No. of years in position 2 year 7 months

No. of times to attend the meeting

- 8/8 of Board of Directors meetings

Education / Training

Education

- M.A. (Management),  
Asian Institute of Management
- B.A. (Business Administration),  
Chulalongkorn University
- Executive Management with Business Development  
and Investment (No. 5/2018), Institute of Business  
and Industrial Development (IBID)
- Role of the Chairman Program (RCP) 43/2018,  
Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) 2004,  
Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

December 2019 to Present

Chairman of the Board of Directors and Independent  
Director, G Steel Public Company Limited

2000 to Present

Director and Independent 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.

No. of share(s) in the Company  
(as at 31 December 2019)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None



**Assoc. Prof. Niputh Jitprasonk (76 years)**

Current position

Independent Director

- Chairman of Audit Committee
- Chairman of Nomination and Remuneration Committee

Date of Appointment as a Director

2 June 2008

No. of years in position 11 years 10 months

No. of times to attend the meeting

Education / Training

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)
- Audit Committee Program (ACP), Thai Institute of Directors (IOD)
- Risk Management Program, Thai Institute of Directors (IOD)
- Corporate Governance for Executives (CGE), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD), 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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct & indirect in any contract entered into by company None

Legal Record in the past 10 years None





**Mr. Stephen Karl Stewart (69 years)**

Current position

Independent Director

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

Date of Appointment as a Director

30 August 2017

No. of years in position 2 years 7 months

No. of times to attend the meeting

Education / Training

Education

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

Director Training

None

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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None



**Mr. Yingsak Jenratha (72 years)**

Current position

Independent Director and Audit Committee Member

Date of Appointment as a Director

26 June 2018

No. of years in position 1 year 9 months

No. of times to attend the meeting

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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None



**Mr. Yanyong Kurovat (82 years)**

Current position

Director

- Authorized Director of the Company

Date of Appointment as a Director

13 May 2015

No. of years in position 4 years 11 months

Significant Designation in the past

January 2017 to August 2017

Education / Training

Education

Director Training

Positions in other listed companies

2017 to December 2019

2004 to 2017

Positions in other non-listed companies

2015 to Present

2007 to Present

2003 to Present

2009 to 2011

2003 to 2007

2000 to 2010

1996 to 2000

No. of share(s) in the Company  
(as at 31 March 2020)

Family Relationship among Directors and Executives

Director has direct & indirect in any contract entered into by company

Legal Record in the past 10 years

Chairman of the Board of Directors

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

Director, G Steel Public Company Limited

Honorary President,

The Association of Thai Hot Rolled Flat Steel

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

Advisor, AAS Auto Service Co., Ltd.

Town and Country Planning Board Member Ministry of  
Interior

Chairman, General Election Committee, Pathumthani  
province

Managing Director Operation Group Co., Ltd

Director, Bangkok Mass Transit Authority (BMTA)

- Held personally: None

- Held by Spouse or Minor children: None

None

None

None



**Mr. Somchai Leeswadtrakul (57 years)**

Current position

Director

- Authorized Director of the Company
- Nomination and Remuneration Committee Member
- Advisor – Government Liaison

Date of Appointment as a Director

9 July 2015

No. of years in position 4 years 9 months

Significant Designation in the past

2013 to December 2019

Chief Government Liaison

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)
- Bhumiapung Phandin Program Class 1, 2012, Chulalongkorn University

Director Training

Positions in other listed companies

December 2019 to Present

- Advisor – Government Liaison, G Steel Public Company Limited

2015 to December 2019

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

2013 to December 2019

- Chief Government Liaison, G Steel Public Company Limited

Positions in other non-listed companies None

No. of share(s) in the Company

- Held personally: None

(as at 31 March 2020)

- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None





**Miss Soontareeya Wongsirikul (52 years)**

Current position

Director,

- Authorized Director of the Company
- Corporate Governance and Risk Management Committee Member
- Strategic Steering Committee Member

Date of Appointment as a Director

20 March 2015

No. of years in position 5 years

Significant Designation in the past

August 2019 to December 2019

Deputy Chief Executive Officer – Strategy and Business Planning

March 2019 to August 2019

Deputy Chief Executive Officer

March 2015 to February 2019

Chief Financial Officer, G Steel Public Company Limited

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
- Risk Management Program for Corporate Leaders (RCL 18/2019), Thai Institute of Directors (IOD)
- 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

December 2019 to Present

- Strategic Steering Committee Member, G Steel Public Company Limited
- Director, G Steel Public Company Limited
- Deputy Chief Executive Officer - Strategy and Business Planning, G Steel Public Company Limited
- Company Secretary, G Steel Public Company Limited
- Chief Financial Officer, G Steel Public Company Limited

2015 to Present

2019 to December 2019

2015 to July 2019

2015 to June 2019



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, Bank 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
No. of share(s) in the Company (as at 31 March 2019)	- Held personally: None - Held by Spouse or Minor children: None
Family Relationship among Directors and Executives	None
Director has direct & indirect in any contract entered into by company	None
Legal Record in the past 10 years	None

**Mr. Richard Jim Yee (50 years)**

Current position

Director

- Corporate Governance and Risk Management Committee Member

Date of Appointment as a Director

30 August 2017

No. of years in position 2 years 7 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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None



**Mr. Andreas Rizal Vourloumis (45 years)**

**Current position**

- Authorized Director
- Strategic Steering Committee Member

**Date of Appointment as a Director**

30 August 2017

No. of years in position 2 years 7 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

Director Training

None

**Positions in other listed companies**

December 2019 to Present

Strategic Steering Committee Member  
G Steel Public Company Limited

December 2019 to Present

Director, G Steel Public Company Limited

**Positions in other non-listed companies**

January 2016 to Present

Director, Alpha Capital Asset Management Co, Ltd.

2009 to Present

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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None





**Mr. Sudhir Maheshwari (56 years)**

**Current position**

- Director
- Authorized Director of the Company
- Nomination and Remuneration Committee Member
- Strategic Steering Committee Member

**Date of Appointment as a Director**

30 August 2017

No. of years in position 2 years 7 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

Director Training

None

**Positions in other listed companies**

December 2019 to Present

Strategic Steering Committee Member,  
G Steel Public Company Limited

December 2019 to Present

Director, G Steel Public Company Limited

**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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

Legal Record in the past 10 years

None



**Mr. Amrendra Prasad Choudhary (66 years)**

Current position

Director

- Authorized Director of the Company
- Chief Executive Officer

Date of Appointment as a Director

31 October 2017

No. of years in position 2 years 5 months

Significant Designation in the past

31 October 2017 to Present

Chief Executive Officer



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

Director Training

None

Positions in other listed companies

October 2019 to Present

Director, G Steel Public Company Limited

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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct &amp; indirect in any contract entered into by company

None

Legal Record in the past 10 years

None

**Khunying Patama Leeswadtrakul (55 years)**

Current position

Chief Corporate Social Responsibility Officer

Date of Appointment

Since 2007

No. of years in position

12 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

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: 28,256,943 Shares (0.1109%)
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None

Legal Record in the past 10 years

None



**Mr. Sittisak Leeswadtrakul (41 years)**

**Current position**

Deputy Chief Executive Officer

**Date of Appointment**

12 December 2019

**No. of years in position**

4 months

**Significant Designation in the past**

August 2019 to December 2019

May 2017 to August 2019

2011 to May 2017

2014 to October 2017

2011 to 2014

**Education / Training**

Education

Deputy Chief Executive Officer – Production and Commercial

Chief Production Officer

Director

Chief Operation Officer and Executive Vice President  
- Marketing (Acting)

Executive Vice President - Marketing

- 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
- Certificate in Advanced Corporate, Banking and Financial Services Law Program (ABFL Program), Faculty of Law, Ramkhamhaeng University
- Director Certification Program (DCP 163/2012), Thai Institute of Directors (IOD)



Director Training

**Positions in other listed companies**

December 2019 to present

Deputy Chief Executive Officer,  
G Steel Public Company Limited

August 2019 to December 2019

Deputy Chief Executive Officer - Production and  
Commercial, G Steel Public Company Limited

May 2017 to December 2017

Chief Production Officer,  
G Steel Public Company Limited

2011 to May 2017

Director, G Steel Public Company Limited

2014 to April 2017

Chief Operation Officer, and  
Executive Vice President - Marketing (Acting) ,  
G Steel Public Company Limited

2011 to 2014

Executive Vice President - Marketing,  
G Steel Public Company Limited**Positions in other non-listed companies**

2008 to 2011

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

2006 to 2008

Business Assistant, Steel Division,  
Mitsui & Co. Europe Plc.**No. of share(s) in the Company  
(as at 31 March 2020)**

- Held personally: None
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives** None**Director has direct & indirect in any contract entered into by company** None**Legal Record in the past 10 years** None

**Mr. Rajeev Jhawar** (47 years)

**Current position**

Chief Financial Officer

**Date of Appointment**

1 March 2019

**No. of years in position**

1 Year 1 Month

**Significant Designation in the past**

2017 to March 2019

**Education / Training**

Education

General Manager - Financial Controlling



- Post Graduate Certification in Business Management, Xavier Labour Relations Institute (XLRI), India
- Member of the Institute of Chartered Accountants of India (May, 1996) – Articleship with Price Waterhouse Coopers, Kolkata, India
- Member of Institute of Cost & Works Accountants of India, India
- Bachelor's degree in Commerce from St. Xavier's College, India
- e-learning CFO's Orientation, The Stock Exchange of Thailand

Training

**Positions in other listed companies**

July 2019 to Present

Chief Financial Officer,  
G Steel Public Company Limited

2017 to July 2019

General Manager - Financial Controlling,  
G Steel Public Company Limited

**Positions in other non-listed companies**

2014 to 2017

Director - Finance and Commercial,  
Tropical Agrosystem (India) Pvt Ltd, India (Chennai)

2011 to 2014

Director - Finance and Commercial,  
SBQ Steels Ltd., India (Chennai)

**No. of share(s) in the Company  
(as at 31 March 2020)**

- Held personally: None
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives**

None

**Director has direct and indirect in any contract entered into by company**

None

**Legal Record in the past 10 years**

None

**Mr. Sudchai Visuddhidham (50 years)**

Current position

Chief Production Officer

Date of Appointment

12 December 2019

No. of years in position

4 months

Significant Designation in the past

June 2004 to Present

General Manager - Production Planning & Quality Development (Start Position : QC Manager)

Education / Training

Education

- Bachelor's Degree in Engineering, Metallurgy Chulalongkorn University, Bangkok, Thailand
- High School (M6) Satit Patumwan (Patumwan Demonstration School), Bangkok, Thailand

Positions in other listed companies

July 1996 to September 2000

Caster Supervisor  
Nakornthai Sirip Mill Public Company Limited  
(Former name of G J Steel Public Company Limited)

Positions in other non-listed companies

March 2001 to June 2004

Senior Manager of Operation Division  
Siam Poongsan Metal Company Limited

November 2000 to March 2001

Production Manager  
Siam Aviation Industries Company Limited

No. of share(s) in the Company  
(as at 31 March 2020)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Legal Record in the past 10 years None





**Mr. Yotsakorn Srisuksawadi (35 years)**

**Current position**

- Deputy Chief Financial Officer
- Deputy Chief Compliance and Legal Officer

**Date of Appointment**

12 December 2019

**No. of years in position**

4 months

**Significant Designation in the past**

March 2019 to December 2019

Deputy Chief Financial Officer, and  
Deputy Chief Compliance Officer



**Education / Training**

Education

- Master of Business Administration Degree,  
Kellogg School of Management,  
Northwestern University, Evanston, IL
- Bachelor of Arts in Economics, International  
Program, Thammasat University

Training

- None

**Positions in other listed companies**

December 2019 to Present

Deputy Chief Financial Officer,  
and Deputy Chief Compliance and Legal Officer,  
G Steel Public Company Limited

July 2019 to December 2019

Deputy Chief Financial Officer,  
G Steel Public Company Limited

**Positions in other non-listed companies**

2012 to 2014

Intermediate Business Referrer for Thailand Market  
Bank 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

**No. of share(s) in the Company  
(as at 31 March 2020)**

- Held personally: None
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives**

None

**Director has direct and indirect in any contract entered into by company**

None

**Legal Record in the past 10 years**

None

**Mrs. Kwanjai Kasemlonnapa** (52 years)

**Current position**

- Company Secretary
- General Manager - Corporate Finance

**Date of Appointment as a Company Secretary**

12 December 2019

**No. of years in position**

4 Months

**Significant Designation in the past**

2007 to Present

General Manager - Corporate Finance

**Education / Training**

Education

- Master of Business Administration,  
State University of New York, U.S.A.
- Bachelor of Economics, Thammasat University



**Positions in other listed companies**

December 2019 to Present

Company Secretary,  
G Steel Public Company Limited

2007 to Present

General Manager - Corporate Finance,  
G Steel Public Company Limited

2006 to 2007

Senior Manager - Corporate Planning and Budgeting  
Department, ITV Public Company Limited

2005 to 2006

Senior Manager - Customer Service Operation,  
ITV Public Company Limited

1999 to 2002

Senior Manager – Head of Loan Management,  
Treasury Department, Intouch Holdings Pcl.

1995 to 1999

Manager – Head of Loan & Derivative, Treasury  
Department, Intouch Holdings Pcl.

**Positions in other non-listed companies**

1994 to 1995

Financial Advisor,  
Isla Communications Co., Inc., Philippines

1993 to 1994

Assistant Manager, Corporate Banking Division,  
The Siam Sanwa Industrial Credit Plc. (SICCO)

1989 to 1991

Marketing Officer, Retail Lending Department,  
Thanachart Bank

**No. of share(s) in the Company  
(as at 31 March 2020)**

- Held personally: None
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives**

None

**Director has direct and indirect in any contract entered into by company**

None

**Legal Record in the past 10 years**

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:

For the year 2020, the Worldsteel Association (Worldsteel) forecasts that the demand for finished steel in different regions of the world is likely to increase when compared to the previous year, with a growth of 1.7 percent to 1,805.7 million tons. The European Union (28 countries) expands by 1.1 percent, with a volume of 168.6 million tons. The Commonwealth of Independent States (CIS) grew up by 2 percent and the ASEAN Worldsteel grew up by 5.6 percent, in which the demand for finished steel products increased when compared to other regions. It is approximately 83.9 million tons which is a result of investment in infrastructure construction and investment expansion to other countries in the ASEAN. Whereas, Worldsteel forecasts the demand for finished steel of China, which is the world's largest producer and user of steel, in the year 2020 will grow up by 1 percent, with the volume of demand at approximately 909.1 million tons.

For the steel industry in Thailand, the Iron and Steel Institute of Thailand (ISIT) estimates that demand for steel products in the year 2020 will increase slightly from the year 2019 around 0.7 percent. It is expected that the demand will be approximately 18.6 to 19.0 million tons, which is the result of the forecast of economic conditions that are likely to recover and from trade war that lessen tensions. This is an opportunity to expand in the downstream industries that usage of steel products, especially the construction industry is expected to grow up from the acceleration of large-scale investment by the government. There are many structural construction plans and private investment, which is expected to increase and grow up with its confidence. Appliance industry have its own in a better direction with a demand from both of domestic and international markets.

Although it has been predicted by certain industries that there will be slightly changes, but the demand of Thai steel in the year 2020 can continuously grow up and reflect well in supporting the Company's business operations, as a manufacturer of hot-rolled steel sheet. The Company is mainly focus on the fundamental factors of business operations. We have a strategy to reduce the impact of various negative factors by continuous focusing on the reduction of production costs and increase of sales. We will mainly focus on the domestic market with the efficient production in order to achieve the excellence operation and be able to deliver a variety of value-added products to meet customer requirement, which will help reducing the imports of flat steel products in Thailand. (Excluding the impact from the spread of COVID-19 situation)



## Key Event in 2019

- Right issue: The Company came up with Rights Offering during the year which helped in raising additional funds for working capital and capex. First quarter of the year had major breakdowns in EAF and mill area which resulted in shutdown of the mill. The company took quick action on repairing and arranging alternate equipment and production resumed in early March. The Company is now arranging critical Insurance spares in a phased manner to avoid such events in future.
- Production was stepped up in Q-2 but got affected in several months due to heavy imports arising out of expiry of Governmental Safe Guard Measures on Alloys in Feb'19. This was further impacted by Global slowdown in steel market in H2 affecting both pricing and volume.
- Health of equipment improved further by clearing backlog in maintenance, taking up capex schemes including long awaited infrastructure development. Product mix: AK grade production with the addition of gas cylinder grade, high tensile and others was higher in 2019 at 3.5% compared to previous year. MC grade at + 40% of total production was new yearly record.
- Thinner gauge production got severally affected due to heavy import of galvanized materials.
- Consumption of Oxygen and Yield improved but Natural gas, Carbon, Casting consumables etc. was adverse due to fluctuation in production volume.
- Local scrap usages was stepped up almost to half of total consumption. Pig iron usages were brought down below 20 %
- Capex implementation got momentum: Roll grinding machines upgradation, electrode spray cooling system, schemes for caster and mills got implemented. Major schemes are planned for implementation in 2020 for which orders are mostly released.
- New financiers were added for having flexibility in financing for procurement of raw materials. New customers were added during the year. Pricing policy was also streamlined to curb export through making domestic price competitive post expiry of the safe guard on Alloy Steel.

## December 2019

The Board of Directors' Meeting No. 8/2562 on 12 December 2019 has passed the following key resolutions;

- Acknowledge the resignation of Miss Pannee Tanaprateepkul from being the Company Secretary, and to unanimously resolve to appoint Mrs. Kwanjai Kasemlonnapa as the Company Secretary in replacement with the effectiveness from 13 December 2019 onwards.
- Approve to set up the Strategic Steering Committee delegated by the Board of Directors in order to check, give advice and closely monitor the day-to-day operation of the Executive Committee, and to appoint members of the aforesaid Committee, with effect from 12 December 2019 onwards:
  - 1) Dr. Somsak Leeswadtrakul
  - 2) Miss Soontareeya Wongsirikul
  - 3) Miss Kannikar Yomchinda
  - 4) Mr. Andreas Rizal Vourloumis
  - 5) Mr. Sharad Bajpai
  - 6) Mr. Sudhir Maheshwari
  - 7) Mr. Davinder Chugh



## June 2019

The Company has received the Report on the Result of the Tender Offer of G J Steel Public Company Limited (Form 256-2) from Asia Credit Opportunities I (Mauritius) Limited (“ACO I”), as the offeror on 27 June 2019, resulting ACO I holding 10,909,511,456 shares which is 42.80 percent of the registered capital.

## May 2019

The Stock Exchange of Thailand announces news the receiving of additional ordinary shares of the Company, the registered capital after the increase in the amount of THB 27,600,824,751.36, paid-up capital in the amount of THB 24,467,648,060.16, into ordinary shares in the amount of 25,487,133,396 shares.

## April 2019

The Meeting of Board of Directors No. 3/2562 held on 29 April 2019 has resolved to approved the combination of the Risk Management Committee and the Corporate Governance Committee, including appointing members of the Corporate Governance and Risk Management Committee, with the effectiveness from 29 April 2019 onwards.

## January 2019

The meeting of the Extraordinary General Meeting of Shareholders No. 1/2019 on 14 January 2019 at 9.30 hrs. at the Arnoma Grand Room, 3<sup>rd</sup> Floor, Arnoma Grand Bangkok, No. 99 Ratchadamri Road, Lumpini, Pathumwan, Bangkok, has passed the following key resolutions:

- Approved the transfer of appropriated legal reserve (according to the separate financial statement of the Company ended 30 September 2018) in the amount of THB 18,507,421.67. The Company thus utilizes such legal reserve to compensate the accumulated losses (according to the separate financial statement 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 of shares from THB 6.90 per share to THB 0.96 per share, 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 wipe out the discount on capital stock in the amount of approximately THB 61,757,357,060.14 and 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. Upon the wipe out of accumulated losses, the Company will still have losses amounting THB 23,023,481.28.
- Approved the reduction of the Company’s registered capital by canceling the Company’s authorized but unissued shares 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
- Approved the increase of the Company’s registered capital by the amount of THB 11,490,928,047.36 from the existing registered capital of THB 16,109,896,704 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 to (1) existing shareholders of the Company in proportion to their respective shareholding (Right Offering) and (2) to accommodate the adjustment of right under GJS-W3 and GJS-W4.

## 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 2019, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	Percentage of paid-up amount (%)
1.	Asia Credit Opportunities I (Mauritius) Limited	10,310,359,336	40.45
2.	G Steel Public Company Limited	2,122,427,209	8.33
3.	Nomura Singapore Limited-Customer Segregated Account	1,988,214,549	7.80
4.	Mrs. Jarunee Chinnawongvorakul	1,878,803,300	7.37
5.	China Tonghai Securities Limited - Account Client	1,275,806,659	5.01
6.	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	454,111,692	1.78
7.	Superior Overseas (Thailand) Co., Ltd.	412,500,000	1.62
8.	Thai NVDR Company Limited	410,411,668	1.61
9.	Mr. Somchai Padpai	377,057,258	1.48
10.	Bank of Singapore Limited	323,754,635	1.27
11.	Minor shareholders	5,933,688,590	23.28
Total		25,487,134,896	100.00

## Nature of Business

### Revenue Structure

	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Turnover						
Hot-Rolled Coil (HRC)	12,907	97.44%	29,876	98.99%	15,071	92.65%
Tempered Hot Rolled Coil	16	0.12%	33	0.11%	107	0.66%
Other Incomes						
Interest Income	20	0.15%	3	0.01%	9	0.06%
Inventory and Raw Materials	57	0.43%	36	0.12%	24	0.15%
Net gain from write-off expired legal prescription	10	0.08%	119	0.39%	0	0.00%
Gain from Debt Restructuring	-	-	1	0.00%	734	4.51%
Net foreign exchange again	216	1.63%	105	0.35%	311	1.91%
Other Incomes	21	0.15%	6	0.02%	9	0.06%

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

(Unit: Ton)

Sales Volume (Only for the Company)	2019	2018	2017
Domestic Sales Volume			
- Related Companies	16,555	33,948	29,362
- Other Groups	<u>693,787</u>	<u>1,351,556</u>	<u>782,751</u>
Total Sales in Domestic	710,342	1,385,504	812,113
Foreign Countries	-	<u>61,967</u>	-
<u>Total</u>	<u>710,342</u>	<u>1,447,471</u>	<u>812,113</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	2019		2018		2017	
	Income	%	Income	%	Income	%
Domestic	12,925	100.02%	28,923	96.70%	15,181	100.02%
Foreign	-	-	1,023	3.42%	0	0.00%
Deduct: Trade Discount	<u>(2)</u>	<u>(0.02%)</u>	<u>(36)</u>	<u>(0.12%)</u>	<u>(3)</u>	<u>(0.02%)</u>
<u>Total</u>	<u>12,293</u>	<u>100.00%</u>	<u>29,910</u>	<u>100.00%</u>	<u>15,178</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 2019 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 2019 totaled 7.63 million tons, decreased 15.47% compared to the previous year (2018). If categorized by product groups, long steel products represents 5.01 million tons, a decrease of 11.50% compared to the prior year attributable to the production of rebar and hot-rolled section declining by 12.85% compared to the prior year's 4.08 million tons whilst the production volume of flat steel products stood at 2.63 million tons, a decrease of 22.11% compared to the prior year. The most produced product belongs to hot rolled sheet where, in 2019, it totaled 2.50 million tons, decrease 21.69%, followed by cold rolled sheet at 2.07 million tons, decreased 14.77% year on year and coated steel, at 1.72 million tons, a decrease of 7.21% year on year.

Total Apparent Finished Steel (Unit : Tons)	2019	2018	% Change
Production	7,634,912	9,031,718	(15.47)
Import	12,219,872	12,056,501	1.36
Export	1,384,722	1,754,326	(21.07)
Consumption	18,470,062	19,333,893	(4.47)

Long Product Finished Steel Consumption (Unit : Tons)	2019	2018	% Change
Production	5,007,103	5,657,869	(11.50)
Import	2,858,807	2,921,247	(2.14)
Export	897,862	1,062,504	(15.50)
Consumption	6,968,048	7,516,612	(7.30)

Flat Product Finished Steel Consumption (Unit : Tons)	2019	2018	% Change
Production	2,627,809	3,373,850	(22.11)
Import	9,361,065	9,135,254	2.47
Export	486,860	691,822	(29.63)
Consumption	11,502,014	11,817,282	(2.67)

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



The finished steel consumption in Thailand in 2019 stood at 18.47 million tons, decreased by 4.47% year on year. If categorized by product group, long steel products decreased 7.30% compared to the prior year, to 6.97 million tons whereas the consumption of flat steel products decreased by 2.67% compared to the prior year, to 11.50 million tons. The most consumed steel category is hot rolled sheet, at 6.95 million tons followed by coated steel at 4.61 million tons and steel bar and hot rolled structural steel, at 4.40 million tons respectively.

Import of finished steel into Thailand in 2019 stood at 12.22 million tons, up 1.36% over the prior year. The highest imported product is hot rolled sheets at 4.33 million tons followed by coated steel at 3.05 million tons and cold rolled sheet at 1.65 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 66.16% against 33.84%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.38 million tons in 2019, decreased 21.07% year on year. The most exported steel products are structural steel, at 308,346 tons followed by rebar, at 226,499 tons.

#### Hot rolled steel sheet situation in Thailand in 2019

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 outputs 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 2019 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2019 totaled 2.63 million tons, decreased by 22.11% over the prior year. It consists of hot rolled sheet at 2.05 million tons, a decrease of 21.69% whereas the production of hot rolled plate down by 29.59% year on year, to 126,628 tons.

The local consumption of hot rolled steel, both coil and sheet in 2019, stood at 6.66 million tons, decreased 8.35% consisting of HR sheet of 6.09 million tons, decreased 9.70% and HR plate 566,211 tons, increased 9.23%.

Import of hot rolled steel in 2019, both coil and sheet, increased 1.86%, to 4.04 million tons divided into hot rolled sheet of 3.59 million tons, decreased 0.32% and hot rolled plate of 442,014 tons, increased 23.88%.

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	2019	2018	Change (%)
Production	2,627,809	3,373,850	(22.11)
Import	4,036,952	3,963,408	1.86
Export	8,013	73,977	(89.17)
Consumption	6,656,748	7,263,281	(8.35)



Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	2019	2018	% Change
Production	126,628	179,839	(29.59)
Import	442,014	356,797	23.88
Export	2,431	18,268	(86.69)
Consumption	566,211	518,368	9.23

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	2019	2018	% Change
Production	2,501,181	3,194,011	(21.69)
Import	3,594,938	3,606,611	(0.32)
Export	5,582	55,709	(89.98)
Consumption	6,090,537	6,744,913	(9.70)

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

Export of hot rolled steel in 2019, both coil and sheet, stood at 8,013 tons, decreased 89.17% compared to the prior year, divided into hot rolled sheet of 5,582 tons, decreased 89.98% from the same period last year and hot rolled plate of 2,431 tons, decreasing by 86.69% from last year.

#### Outlook of steel industry in Thailand in 2020

In the year 2019, steel prices in the world market have decreased compared to the period of 2018 due to the economic slowdown in many countries. Causing the demand for steel products to slow down as well. Especially the economic conditions of China, which is both the manufacturer and the number one steel user in the world. Including the impact of the trade war situation. Resulting in the intensifying competition in the steel industry. The price level therefore fluctuates and decreases. Since the beginning of the year 2019 until the end of the year, price trends in Southeast Asia was a downward direction. Prices of steel products in the world market in 2019 began to slow down significantly during May and tend to decrease continuously. Prices of steel products in China and imported steel prices in Southeast Asia have decreased since May and are the lowest in October. And adjusted towards the end of the year 2019, partly due to the Chinese New Year Festival in 2020 coming faster, which is a long holiday in China. Therefore, receiving the purchase of products for storage and preparation for delivery. And coming from a significant price drop in the previous period, therefore having to buy products for inventory. As for the overall picture of hot-rolled steel sheet and steel bar in the year 2019, it decreased in accordance with the price of steel in China, the world's largest steel producer. The HRC price has dropped by about 14 percent with an average price of approximately 496 US dollars per ton. And the price of rebar decreased by 13 percent, with an average price of approximately 472 US dollars per ton. The Thai steel industry in the year 2019 was also affected by the trade war and the fluctuation of world steel prices as well. Which is expected that steel producers in various countries Including Thailand, will continue to face competition from imported steel in 2020.

On outlook of steel industry, World Steel Association (WSA) anticipates the global demand for finished steel in 2020 will grow by 1.7 percent to 1,805.7 million tons, according to the forecast by the world steel demand for 2020 of various regions around the world. The demand is likely to increase compared to previous years. The European Union (28 countries) predicted that demand for finished steel by 2020 will increase by 1.1 percent to 168.6 million tons. The CIS predicts that demand for finished steel will increase by 2 percent. In the ASEAN countries, Worldsteel predicted that demand for finished steel products would increase by 5.6 percent which the demand for finished steel will increase compared to other regions. It is estimated at 83.9 million tons, which is a result of investment in infrastructure construction and investment expansion to ASEAN countries. While Worldsteel predicts Chinese demand for finished steel, which is World's largest steel producer and user, by 2020, demand for finished steel will increase by 1 percent, with the demand is approximately 909.1 million tons

According to the National Economic and Social Development Board (NESDB), GDP growth for the year 2020 is estimated at 2.7 – 3.7, supported by

1. A favorable growth momentum of domestic demand both private consumption and private investment.
2. A gradual recovery of export following expected global recovery together with an adjustment of export to the trade measures.
3. Key government stimulus measures.
4. A continued improvement of tourism sector.

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

1. Global economy particularly key trading partners may grow slower than the base case scenario, particularly the US and Chinese economies which remain under risks of growing slower than expected if the trade dispute escalate. Also, the Eurozone economy remains under risk from the uncertainty of Brexit outcome of which the no-deal situation is still possible.
2. The vulnerabilities of the global economic and financial situation remain high and may increase. Key risk factors to the outlook that need close monitoring include:
  - The possibility of additional US trade measures against China and other countries particularly the tariffs that are authorized under Section 232 of the Trade Expansion Act of 1962, which will adversely impact automotive industry.
  - The political situation in the US from the presidential election in November 2020.
  - The risks of economic fluctuation in Eurozone and UK mainly due to the uncertainty of Brexit, the Catalonia protest in Spain, the political condition in Italy, as well as the German general election in October 2020.
  - The Chinese economic instability that remains under pressure particularly amid the Yuan depreciation and the economic slowdown trend.
  - The fluctuation in the financial market due to the expectations and the adjustment of investors in response to monetary policy adjustment of major central banks and key economies.

- Geopolitical conflict and domestic political conditions that caused the domestic unrests such as in Hong Kong, Chile, Iraq, Lebanon, as well as political stability problem in the Middle East.

### 3. Risk from drought conditions remains a concern.

For the steel industry in Thailand, the Iron and Steel Institute of Thailand (ISIT) estimates that the demand for steel products in 2020 will increase slightly by 0.7 percent from the year 2019, with the expected demand of around 18.6 - 19.0 million tons, which is a result of anticipation of an economic recovery from a trade war. Which is an opportunity to expand in the downstream industries that use steel products, especially the construction industry which is expected to grow from the acceleration of large-scale investment by the government. There are many structural construction plans and private investment that is expected to grow based on increased confidence. Appliance industry with a better direction, demand from domestic and international markets. Although in some industries, there is a slight growth forecast. But in overall, it is expected that the demand for Thai steel in 2020 will continue to grow. It 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. (By not including the impact from the COVID-19 situation)



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 2019 as of 31 March 2019

No.	name	position	No. of ordinary share(s) (Ratio ( Percentage ))		Change Increase/ (Decrease) in 2019
			31 December 2019*	31 December 2018**	
1.	Mr. Chainarong Monthienvichienchai	Chairman of the Board of Directors	0	0	0
	Spouse or Minor children		0	0	0
2.	Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee and Independent Director	0	0	0
	Spouse or Minor children		0	0	0
3.	Mr. Stephen Karl Stewart	Independent Director	0	0	0
	Spouse or Minor children		0	0	0
4.	Mr. Yingsak Jenratha	Independent Director	0	0	0
	Spouse or Minor children		0	0	0
5.	Mr. Yanyong Kurovat	Director	0	0	0
	Spouse or Minor children		0	0	0
6.	Mr. Somchai Leeswadtrakul	Director	0	0	0
	Spouse or Minor children		0	0	0
7.	Miss Soontareeya Wongsirikul	Director	0	0	0
	Spouse or Minor children		0	0	0
8.	Mr. Richard Jim Yee	Director	0	0	0
	Spouse or Minor children		0	0	0
9.	Mr. Andreas Rizal Vourloumis	Director	0	0	0
	Spouse or Minor children		0	0	0
10.	Mr. Sudhir Maheshwari	Director	0	0	0
	Spouse or Minor children		0	0	0
11.	Mr. Amrendra Prasad Choudhary	Director and Chief Executive Officer	0	0	0
	Spouse or Minor children		0	0	0
12.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer	28,256,943 (0.11%)	15,440,953 (0.11%)	12,815,990
	Spouse or Minor children		0	0	0
13.	Mr. Sittisak Leeswadtrakul	Deputy Chief Production Officer	0	0	0
	Spouse or Minor children		0	0	0
14.	Mr. Rajeev Jhavar <sup>(2)</sup>	Chief Financial Officer	0	-	-
	Spouse or Minor children		0	-	-
15.	Mr. Sudchai Visuddhidham <sup>(3)</sup>	Chief Production Officer	0	-	-
	Spouse or Minor children		0	-	-
16.	Mr. Yotsakorn Srisuksawadi <sup>(3)</sup>	Deputy Chief Financial Officer and Deputy Chief Compliance and Legal Officer	0		
	Spouse or Minor children		0		
17.	Mrs. Kwanjai Kasemlonnapa <sup>(3)</sup>	Company Secretary	0	-	-
	Spouse or Minor children		0	-	-

### Remarks:

\* On 3 May 2019, the Company has registered the increase of registered capital and paid-up capital as approved by the Extraordinary General Meeting of Shareholders No. 1/2019 on 14 January 2019, resulting in the total number of paid-up ordinary share is 25,487,133,396 shares.

\*\* Calculation base on the total number of paid-up ordinary share was 13,928,129,233, before the increase of paid-up capital.

(1) The Extraordinary General Meeting of Shareholders No. 1/2019 to be held on 14 January 2019 resolved to approve 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.

- (2) The Board of Directors' Meeting No. 2/2562 on 26 February 2562 resolved to appoint Mr. Rajeev Jhavar, as Chief Financial Officer of the Company, with the effectiveness from 1 March 2019 onwards.
- (3) The Board of Directors' Meeting No. 8/2562 on 12 December 2019 has passed the following key resolutions;
  - Approved the appointment of Mr. Sudchai Visuddhidham as Chief Production Officer, with the effectiveness from 12 December 2019 onwards.
  - Approved the appointment of Mr. Yotsakorn Srisuksawadi as Deputy Chief Financial Officer and Deputy Chief Compliance and Legal Officer, with the effectiveness from 12 December 2019 onwards.
  - Acknowledge the resignation of Miss Pannee Tanaprateepkul from being the Company Secretary, and to unanimously resolve to appoint Mrs. Kwanjai Kasemlonnappa as the Company Secretary in replacement with the effectiveness from 13 December 2019 onwards.

# Management Structure

As at 31 December 2019, the Company's Management Structure consists of the Board of Directors and 5 sub-committees namely the (1) Executive Committee, (2) Audit Committee, (3) Nomination and Remuneration Committee, (4) Corporate Governance and Risk Management Committee and (5) Strategic Steering Committee. Details of the Committee's scope of authorities and responsibilities are as follows;

## (1) 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 Monthienvichienchai	Chairman and Independent Director / 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 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. Andreas Rizal Vourloumis	Director / Executive Director
10.	Mr. Sudhir Maheshwari	Director / Executive Director
11.	Mr. Amrendra Prasad Choudhary	Director / Executive Director

Authorized Directors are as follow;

“Mr. Yanyong Kurovat or Ms. Soontareeya Wongsirikul or Mr. Somchai Leeswadtrakul jointly signs with either Mr. Amrendra Prasad Choudhary or Mr. Andreas Rizal Vourloumis or Mr. Sudhir Maheshwari, totaling 2 persons together with the Company's seal being affixed”

### 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.

## **(2) 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 years 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 of the Board of Directors, and Independent Director, 3 Independent Directors, 6 Executive Directors, and 1 Non-Executive Director, 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.

### (3) 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 the 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 2019, 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 Jenratha	Audit Committee Member

#### Responsibilities of the Audit Committee

1. To review and ensure the Company has accurate and sufficient financial reports.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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:
  - a) Notes on the preparation procedures in relations to accuracy, sufficiency and reliability of the Company's financial report.
  - b) Notes on the sufficiency of internal control system.
  - c) Opinion on compliance with law related to securities and the stock exchange, the SET regulations or other laws related to the Company's business.
  - d) Opinion on the suitability of external auditors.
  - e) 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.

#### (4) 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 SET.

As at 31 December 2019, 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 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

##### 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.



## (5) Corporate Governance and Risk Management Committee

### Definition

Corporate Governance and Risk Management Committee Member means a person appointed by the Board of Directors as a member of the Corporate Governance and Risk Management Committee. The Corporate Governance and Risk Management Committee will perform their duties to review and assess the effectiveness of the risk management, to report to the Internal Audit Committee any risk progress and risk management measures in due courses and to propose, review and implement the guidelines for good corporate governance including the related laws that regularly changed and to be utmost benefit of the Company.

As at 31 December 2019, the Corporate Governance and Risk Management Committee comprises of 4 members as follows:

	Name	Position
1.	Mr. Stephen Karl Stewart	Chairman of Corporate Governance and Risk Management Committee
2.	Mr. Yingsak Jenratha	Corporate Governance and Risk Management Committee Member
3.	Miss Soontareeya Wongsirikul	Corporate Governance and Risk Management Committee Member
4.	Mr. Richard Jim Yee	Corporate Governance and Risk Management Committee Member

### Responsibilities of the Corporate Governance and Risk Management Committee

1. To set a risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least two (2) times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items, including Anti-Corruption risk.
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.
4. To propose and review the policy on the good corporate governance, and Anti-Corruption Policy of the company to the board of directors.
5. To develop and review the process or guidelines on good corporate governance to present or recommend to the board of directors.
6. To follow up and monitor the operations of the management to comply with the policies and guidelines on good corporate governance of the company approved by the board.
7. To perform other duties as the board assigns related to the good corporate governance.
8. To report on the operations about the supervision of the company to the board.



(6) Strategic Steering Committee

Definition

Strategic Steering Committee Member means a person appointed by the Board of Directors as a member of the Strategic Steering Committee. The Corporate Governance and Risk Management Committee will perform their duties check, give advice and closely monitor the day-to-day operation of the Executive Committee.

As at 31 December 2019, the Strategic Steering Committee comprises of 7 members as follows:

	Name	Position
1.	Dr. Somsak Leeswadtrakul	Member
2.	Miss Soontareeya Wongsirikul	Member
3.	Miss Kannikar Yomchinda	Member
4.	Mr. Andreas Rizal Vourloumis	Member
5.	Mr. Sharad Bajpai	Member
6.	Mr. Sudhir Maheshwari	Member
7.	Mr. Davinder Chugh	Member

Remarks:

The Board of Directors' Meeting No. 8/2562 on 12 December 2019 resolved to approve to set up the Strategic Steering Committee delegated by the Board of Directors, and to appoint members of the aforesaid Committee, with the effectiveness from 12 December 2019 onwards.

(7) Executives

As at 31 December 2019, 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	Deputy Chief Executive Officer
4.	Mr. Sudchai Visuddhidham	Chief Production Officer
5.	Mr. Rajeev <sup>(1)</sup> Jhawar	Chief Financial Officer
6.	Mr. Yotsakorn <sup>(2)</sup> Srisuksawadi	Deputy Chief Financial Officer and Deputy Chief Compliance and Legal Officer

Remarks:

- 1) The Board of Directors' Meeting No. 2/2562 on 26 February 2019 resolved to appoint Mr. Rajeev Jhawar, as Chief Financial Officer of the Company, with the effectiveness from 1 March 2019.
- 2) The Board of Directors' Meeting No. 8/2562 on 12 December 2019 resolved to appoint Mr. Yotsakorn Srisuksawadi, as Deputy Chief Financial Officer and Deputy Chief Compliance and Legal Officer, with the effectiveness from 12 December 2019 onwards.

**(8) Executive Committee**

The Board of Directors' Meeting No. 13/2562 held on 12 December 2019 resolved to approve the appointment of members of the Executive Committee, with the effectiveness from 12 December 2019 onwards.

As at 31 December 2019, the Executives Committee comprises of 6 members as follows;

	Name	Position
1.	Mr. Amrendra Prasad Choudhary	Chairman of the Executive Committee
2.	Mr. Sittisak Leeswadtrakul	Member
3.	Mr. Warawut Suwannasorn	Member
4.	Mr. Rajeev Jhawar	Member
5.	Mr. Sudchai Visuddhidham	Member
6.	Mr. Yotsakorn Srisuksawadi	Member

**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 Executives

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.

**(9) Company Secretary**

The Board of Directors Meeting No. 8/2562 held on Thursday, 12 December 2019 appointed Mrs. Kwanjai Kasemlonnapa to perform the duties of Company Secretary with the effectiveness from 13 December 2019 onwards 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 the 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.

**(10) Remuneration for the Board of Directors and the Management**

As for 2019, 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 2019 in the same rates as the year 2018 with details on it as follows:



## Remuneration for the Board of Directors for year 2019

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 and Risk Management Committee	-	-	6,250
Corporate Governance and Risk Management Committee Member	-	-	5,000
Other	-	-	-

Remark:

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 2019

Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)						Total (Baht)
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Governance Committee	Corporate Governance and Risk Management Committee	
1. Mr. Chainarong Monthienvichienchai	720,000	50,000	-	-	-	-	-	770,000
2. Assoc. Prof. Niputh Jitprasonk	720,000	40,000	30,000	6,250	6,250	5,000	-	807,500
3. Mr. Stephen <sup>(1)</sup> Karl Stewart	240,000	35,000	20,000	5,000	5,000	6,250	12,500	323,750
4. Mr. Yingsak <sup>(1)</sup> Jenratha	240,000	40,000	30,000	-	-	-	10,000	320,000
5. Mr. Yanyong Kurovat	240,000	40,000	-	-	-	-	-	280,000
6. Mr. Somchai <sup>(2)</sup> Leeswadtrakul	-	-	-	-	-	-	-	-
7. Ms. Soontareeya <sup>(1)(2)</sup> Wongsirikul	-	-	-	-	-	-	-	-
8. Mr. Richard <sup>(1)(3)</sup> Jim Yee	-	-	-	-	-	-	-	-
9. Mr. Andreas <sup>(3)</sup> Rizal Vourloumis	-	-	-	-	-	-	-	-
10. Mr. Sudhir <sup>(3)</sup> Maheshwari	-	-	-	-	-	-	-	-
11. Mr. Amrendra <sup>(2)</sup> Prasad Choudhary	-	-	-	-	-	-	-	-
Total	2,160,000	205,000	80,000	11,250	11,250	11,250	22,500	2,501,250

Remarks:

- (1) The Meeting of Board of Directors No. 3/2562 held on 29 April 2019 has resolved to approved the combination of the Risk Management Committee and the Corporate Governance Committee, including appointing members with the effectiveness from 29 April 2019 onwards
- (2) The directors holding executive position and receive salary shall not receive any of the remuneration stated in the above table.
- (3) The director(s) 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 2019)	2017 (31 December 2018)
Salary	27	29
Employee Benefits	3	3
Provident Fund	1	1
<u>Total</u>	<u>31</u>	<u>33</u>

#### Remarks:

- (1) The remuneration of the Executives comprises of the remuneration for 7 executives.

### Employees

#### Number of employees

As of 31 December 2019, the Company has a total of 773 employees, which are separated under the following functions:

Functions	Number of Employees
Corporate	46
Production	727
<u>Total</u>	<u>773</u>

The proportion of employees is classified by gender, age, and level as follows;

Gender	Number of Employees	Proportion by Gender (%)
Male	646	83.57
Female	127	16.43
<u>Total</u>	<u>773</u>	<u>100.00</u>

Age	Number of Employees	Proportion by Age (%)
Under 30 years old	160	20.70
Between 30-50 years old	557	72.06
Above 50 years old	56	7.24
<u>Total</u>	<u>773</u>	<u>100.00</u>

Level	Number of Employees	Proportion by Level (%)
Staff-Senior Supervisor	740	95.73
Section Manager-Department Manager	18	2.33
General Manager up	15	1.94
<u>Total</u>	<u>773</u>	<u>100.00</u>

# Good Corporate Governance

Through the year 2019, 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 and Risk Management 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 2019, 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 2019, 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 Miss Nanthana Thamtherdthai, 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 2019" 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 11 Directors, including Chief Executive Officer, and Chief Financial Officer, comprised 12 members attended the Annual General Meeting of the Shareholders for the year 2019.

## 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 during 28 December 2018 to 31 January 2019 the Company providing the consideration criteria published via the data system of SET and the Company's website 4 months prior to the Annual General Meeting of Shareholders for the year 2019. 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 that period, 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 2019 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 2019" 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 2019.

### 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 4 months prior to the Annual General Meeting of Shareholders for the year 2019. 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 that period, 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 2019
  - 2) Form Personal Data on Qualified Candidate for Directorship in AGM 2019
  - 3) Letter of Consent from the Nominated Candidate for Directorship in AGM 2019Together 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 2019 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 2019, 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 2019, there were directors, Chief Financial Officer, the Company's auditor, and legal advisor. Details of meeting attendance of Directors for year 2019 are as follows:

No.	Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Nomination and Remuneration Committee Meeting/ Attendance	Risk Management Committee Meeting/ Attendance	Corporate Governance Committee Meeting/ Attendance	Corporate Governance and Risk Management Committee Meeting/ Attendance	The 2019 Annual General Meeting of shareholders / Attendance
1.	Mr. Chainarong Monthienvichienchai	8 / 8	-	-	-	-	-	✓
2.	Assoc. Prof. Niputh Jitprasonk	8 / 8	6 / 6	2 / 2	1 / 1	1 / 1	-	✓
3.	Mr. Yingsak Jenratha	7 / 8	4 / 6	-	1 / 1	1 / 1	2 / 2	✓
4.	Mr. Stephen Karl Stewart	8 / 8	6 / 6	2 / 2	-	-	2 / 2	✓
5.	Mr. Yanyong Kurovat	8 / 8	-	-	-	-	-	✓
6.	Mr. Somchai Leeswadtrakul	8 / 8	-	2 / 2	-	1 / 1	-	✓
7.	Ms. Soontareeya Wongsirikul	8 / 8	-	-	1 / 1	-	2 / 2	✓
8.	Mr. Richard Jim Yee	5 / 8	-	-	1 / 1	1 / 1	2 / 2	✓
9.	Mr. Andreas Rizal Vourloumis	5 / 8	-	-	-	-	-	✓
10.	Mr. Sudhir Maheshwari	7 / 8	-	2 / 2	-	-	-	✓
11.	Mr. Amrendra Prasad Choudhary	8 / 8	-	-	-	-	-	✓

#### Remarks:

The Meeting of Board of Directors No. 3/2562 held on 29 April 2019 has resolved to approved the combination of the Risk Management Committee and the Corporate Governance Committee, including appointing members with the effectiveness from 29 April 2019 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](http://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 15 days to 1 month (as the case may be) 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, 1 non-executive director and 6 executive directors, totaling 11 persons. The balance of power by non-executive directors is 45.45%.

## 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 and Remuneration Committee and Corporate Governance 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 3 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 6 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 End of the year 2018, the Company Secretary prepared the Board of Directors' 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 for determined the shareholders' names who will be entitled to attend the Annual General Meeting of Shareholders, 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 2019, the Company Secretary has prepared the "CG Self-Assessment for year 2019", 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 2019, 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 2019 same as rates 2018 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 2019, details of Directors and Executives' attendance of training are as follows:

No.	Name and Position	Course	By Organization
1	Mr. Chainarong Monthienvichienchai Chairman of the Board of Directors and Independent Director	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
2	Assoc. Prof. Niputh Jitprasonk Independent Director and Chairman of the Audit Committee	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
3	Mr. Stephen Karl Stewart Independent Director and Audit Committee Member	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
4	Mr. Yingsak Jenratha Independent Director and Audit Committee Member	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
5	Mr. Yanyong Kurovat Director	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
6	Mr. Somchai Leeswadtrakul Director	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
7	Miss Soontareeya Wongsirikul Director and Chief Financial Officer	Risk Management Program for Corporate Leaders (RCL 18/2019)	Thai Institute of Directors (IOD)
		Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
8	Mr. Richard Jim Yee Director	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited



No.	Name and Position	Course	By Organization
9	Mr. Sudhir Maheshwari Director	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
10	Mr. Amrendra Prasad Choudhary Director and Chief Executive Officer	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited
11	Mrs. Kwanjai Kasemlonnappa Company Secretary	Related Party Transaction (RPT)	Compliance Department
12	Mr. Sittisak Leeswadtrakul Deputy Chief Executive Officer	Related Party Transaction (RPT)	Compliance Department
13	Mr. Rajeev Jhavar Chief Financial Officer	e-learning CFO's Orientation	The Stock Exchange of Thailand
14	Mr. Sudchai Visuddhidham Chief Production Officer	Related Party Transaction (RPT)	Compliance Department
15	Mr. Yotsakorn Srisuksawadi Deputy Chief Financial Officer / Deputy Chief Compliance and Legal Officer	Roles and responsibilities of directors of the Board	Legal advisor from Hunton Andrews Kurth (Thailand) Limited



## Risk Factors

### Procurement Risk

The profitability of the company is heavily dependent upon procurement cost, time and quality of its raw materials particularly metallic, sub raw materials, electrodes etc which are greatly from global sources. Therefore procurement process is identified as an area of major risk and its 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 40 to 50% of total RM consumption depending upon process requirement and its availability. The company has a plan to further increase its volume at competitive price and of better quality balancing with import price 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 including quality. To mitigate the risk of price rise for clean scrap, company has plans to buy such grade from import source as well. There 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 trend affecting cost of production at times.
- Orders required to be placed 2-3 months in advance to maintain consistency in availability so there are risks on price fluctuation at the time of sea cargo arrival at the mill.
- The transportation sometimes takes over 30-45 days due to long voyage and sometimes due to unavoidable circumstances like port congestion, storm, natural phenomenon in sea etc.
- Late delivery at times affects consistency in availability thereby have impact on cost of production.
- Possibilities of quality issues, weight loss, variance in specifications, etc. which gets found at the time of cargo arrival; 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 by balancing metallic mix of both local and import.
- Sourcing from new reliable suppliers continuously including from new suppliers in nearby counties to cut arrival duration through containers.
- 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.
- Availability of adequate trucks during peak demand period of finished products at times becomes inadequate. Company has risk mitigation plans through entering into contract with more number of transporters, faster loading process and also delivery sequencing to get higher rate of delivery.

#### 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 directly affects the Company's profit and loss as most of main raw materials, scraps and pig irons, are imported from overseas and paid in US Dollar, while the income is in Thai Baht. This foreign exchange risk is deemed moderate even though the Company does not enter into hedging or forward contracts since the selling price in Thailand is referred to the world market price quoted in US Dollar. In addition, the Company is also looking for an opportunity to do export sales which can lower the exposure of foreign exchange risk as those sales are in US Dollar and being kept in the Foreign Currency Deposit account.

In 2019, the Thai Baht had been strong with more than 6% appreciation against US Dollar from the end of 2018. This appreciation of Thai Baht resulted in a high unrealized foreign exchange gains in the Company's financial statements since the liabilities of the Company are largely in US Dollar i.e. 5-year long term loan and imported raw materials. However, the foreign exchange fluctuation is reflected as "unrealized Gain and would affect the actual cash flow of the company only when the payment is made.

## 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 that the dedusting system has been deteriorated through its service life which 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 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.

### Risk management by using Safeguard Measures

Over the years, after the government has imposed anti-dumping measures, the domestic price of hot rolled steel flat products have been competitive for flat product producers like ours. However, the company is affected severely with the termination of Safeguard measure for HR steel flat products with alloy on February 26, 2019, resulting in the import of HR alloys steel products significant increase. This has thrown a big risk for the company since second quarter of 2019 as a



result there has been resistance on increase in price in the domestic market thereby not recovering the cost of production. This has also affected volume of sales due to cheap import. The company has been pursuing with the Govt for imposition of Anti-Circumvention measure that came into effect on November 18, 2019. This may help mitigate damage from imports of hot-rolled alloys steel products for which domestic industry has filed a petition for circumvent products from China under anti-dumping measures for hot rolled steel flat products - alloy added originating in the People's Republic of China. Thus, this can mitigate the risk through reduction in the import of HRC alloy from China that circumvents the import tax and AD duty.

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 petition 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 measure 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.

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 and import tariff has been reduced to zero since January 1, 2017 allowing Japan to export hot rolled steel products to Thailand without further quota restriction especially hot rolled steel products imported as raw material for cold rolled steel production for use in the automotive industry.
- 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.
- Trade war between the United States and China, both countries have increased tariff on imported products especially steel products that the United States announced to increase import tariff from China by using Article 232 under the National Security Act to impose a 25% increase in import tariff in addition to the issuance of unfair trade measures, including the increase in retaliation duties in accordance with normal law. China, which is the largest steel producer in the world with a production capacity of more than 50% of the world's steel production or over 800 million tons per year, as well as exporting more than 100 million tons of steel products per year causing steel products from China that cannot be exported to the United States will flow into Southeast Asian countries especially Thailand which has a high risk of being a target of these cheap steel products from China.



- The risk of free trade agreements (FTAs), the risk from unfair trade including risks from the effects of the trade war between the United States and China covering hot rolled steel products 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, B.E. 1999 and (No.2) B.E. 2019

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 (i.e., 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.

Therefore, 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.

In this regard, the revision of Anti-Dumping and Countervailing Act (No.2) B.E. 2019 has added the above provisions and was announced in the Government Gazette on May 22, 2019. Coming into effect on November 18, 2019 which will help prevent the import of hot rolled steel products that circumvent the Anti-dumping and countervailing measures and will also help alleviate damage from termination of Safeguard measures for hot rolled steel flat products with alloy as well.

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

- Extension of Anti-dumping measure for hot rolled steel flat products originating from 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 measure for hot rolled steel flat products - boron added originating from 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 measure for hot rolled steel flat products originating from 14 countries for a further 5 years, effective from May 23, 2015 to May 22, 2020.
- Anti-dumping measure for hot rolled steel flat products originating from 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.

Currently, the company has collaborated with the domestic industry to gather information for filing petition to Department of Foreign Trade, consisting of 2 measures, which are

1. Filing petition to the Department of Foreign Trade to consider extending the enforcement of anti-dumping measure for hot rolled steel flat products originating from 14 countries for a further 5 years (2021 - 2025).
2. Filing petition to the Department of Foreign Trade to consider enforcing Anti-dumping measure for hot rolled steel flat products originating from the Socialist Republic of Vietnam and the Arab Republic of Egypt.

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. 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 sometime 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.

## 3. 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

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

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 2019 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 2019, 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. (“SPH”)	Subsidiary of G Steel
GS Securities Holdings Co., Ltd. (“GS Securities”)	Subsidiary of G Steel
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Major shareholders which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. (“SSG III”)
Link Capital I (Mauritius) Limited (“Link Capital I”)	Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P.
Synergy Strategic Solutions Management DMCC (“Synergy”)	Common director
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 2019 and 2018 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 2019	As of 31 Dec 2018	
- Sales of raw materials and finished goods	308.66	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	17.24	-	
- Other income	1.96	-	
- Purchase of raw materials	36.43	668.28	
- Tolling service	274.24	3,872.87	
- Short-term loan	-	94.00	
- Interest receivable	-	5.54	
- Trade accounts payable	-	5.85	
- Advance payment for raw material	-	-	

**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 2019	As of 31 Dec 2018	
- 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	4.62	3.61	

**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 2019	As of 31 Dec 2018	
- Financial advisory services	-	0.22	The management is of the opinion that such transactions is under a normal business conditions in its operations.



#### 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 2019	As of 31 Dec 2018	
- Financial costs	293.91	439.22	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	13.53	1.54	
- Short-term loan	-	1,239.36	
- Long-term loan	1,049.02	1,117.52	
- Interest payable	29.29	33.80	

#### 5. Transaction with Synergy Strategic Solutions Management DMCC

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2019	As of 31 Dec 2018	
- Business advisory services	13.61	-	The management is of the opinion that such transactions is under the terms and conditions of the loan agreement with Link Capital I.
- Others payable	1.49	-	

#### 6. 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 2019	As of 31 Dec 2018	
- Rental and service expenses	4.04	3.80	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.
- Deposits	0.63	0.63	
- Other payable	0.35	0.34	

**7. 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 2019	As of 31 Dec 2018	
- Sales of finished goods	-	298.01	The management is of the opinion that such transactions is under a normal business conditions in its operations.

**8. 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 2019	As of 31 Dec 2018	
- Sales of finished goods - Purchases of raw materials	-	102.22 -	The management is of the opinion that such transactions is under a normal business conditions in its operations.

**9. 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 2019	As of 31 Dec 2018	
- Other expenses	0.71	0.34	The management is of the opinion that such transactions is under a normal business conditions in its operations.

**10. 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 2019	As of 31 Dec 2018	
- Purchase of raw materials - Advance payment for purchase of raw materials	- 7.95	15.49 7.95	The management is of the opinion that such transactions is under a normal business conditions in its operations.

## 11. 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 2019	As of 31 Dec 2018	
- Sales of finished goods	139.96	271.03	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Advance received from customers	0.43	-	

## 12. 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 2019	As of 31 Dec 2018	
- Sales of finished goods	146.53	305.94	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 a leader company in the world steel industry”, 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” 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.

In this regard, the Company's target for employee skills development training is in an average of 20 hours per person per year. For year 2019, the Company has arranged for employees' training in an average of 23.30 hours per person per year.

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, the Company has been certified as a member of CAC. The certification will be valid for 3 years from the date of approval.

In the year 2019, the Company has provided training to all new employees, including all current employees in which is 100 percent, so that employees are aware of various regulations, related to the Company’s Anti-Corruption policy, penalties and guidelines for corrective action.

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

G J 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. During 2019, the company has CSR activities as below,

##### Internal Activities

##### 1. Participating in social development

Blood donation to Thai Red Cross Society for helping patient. Management and employees of G J Steel Public Company Limited had donated blood with the Thai Red Cross Association in Chonburi 2 times on March and August 2019 with total 155 units (64,900 c.c.) and the company will keep providing this activity every year.







## 2. Activities of environmental conservation and development

### Tree planting (Increase green area within the factory)

Management and employees of G J Steel Public Company Limited have collaboration on planting the tree together to increase the green area include reducing dust within the factory also improve factory image to external social with a long term responsibility on our plant.



## 3. Promote culture and preservation of cultural heritage

Songkran festival activities The Company is aware of the good traditions of Thailand that have been passed on for a long time. Therefore, there are activities to make merit and give alms to monks on Songkran Day. At the same time, organized a safe driving campaign during the festival. To make employees aware of the use of cars on the road with others safely. And respond to government policies to reduce accidents during the festival season as well.





## Activity with social

1. Children Day the Company provide educational development and participate children day activity at Ban Khao Hin School, Ban Bo Win School, Chaoprayasurasak School and Banpansadednok School in Bo Win, 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 and Ban Bo Win School by create candle tree and neon light and give to Pan Saded Temple in Bo Win, Si Racha District, Chon Buri.



3. Activity on Kathin Ceremony and making alms canteen The company provide Thot Kathin on both Head office and Chonburi Plant Kathin also arrange employees to make alms canteen for Pan Saded temple, Map Bon temple, Santi Khiri temple, Bo Win temple and Chong Lom temple in Bowin , Si Racha District, Chon Buri.





#### 4. Surveillance networking of environment with WHA

WHA Industrial estate has been created the Surveillance networking of environmental awareness that the company joins by simulate water management of production process without a negative impact on the environment and also arrange the knowledge training session about water pollution for students at Ban Khao Hin School.



#### 5. His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun

The company provide a representative to offer food to the monks, paying respect and sing the Thai Royal Anthem at Ban Khao Hin School.



#### 6. Company Open House 2019 for learning the company production process,

1. Kasetsart University Chalemphrakiat Sakonnakhon Province Campus Faculty of Science and Faculty of Engineering visits the factory for study production process.





2. Rayong Technical College Faculty of Manufacture of automotive parts and metal molds visit the company and interest in applying for a job within the company including an internship program between the college and the company.



7. Mother's Day the company provide representative to participate on give alms to the monks and making the recycle chair for Ban Khao Hin School.



8. Landscape improvements for H.M. King Bhumibol Adulyadej the great birthday and Father's Day of 2019 then the Company arrange employees participate with social activity by "Doing good deeds to the King".





9. Donation useful items for victims of Flood disaster in Ubon Ratchathani the Company making a donation to victims with Bo Win Police station Chonburi.



10. Donation useful items to Teacher Boonchoo home for special children, Sattahip, Chon Buri In the 2nd time activity, the company provides useful and good quality items from our employees and management such as books, stationery, clothes, etc. and gives to charity kids. Additionally, the company also provides a fan and repairing a toilet's roof.



11. Cooperate with Department of Primary Industries and Mines - DPIM provide an activity for each member to sharing experience, knowledge focus on social responsibility on each area.







**12.** Cooperate with Department of Primary Industries and Mines (DPIM) the 10 years CSR-DPIM ceremony each member presents the sustainable project and each participant's company including G J Steel provide food, fruit for free.

In year 2019, the company has continuously implemented CSR activities. On September 19, the company received “the Green Mining Awards 2019” that is the Green Mining Standard Award for the Metallurgy Factory, and “the CSR-DPIM Continuous Award 2019” for the factory that has continuous social responsibility operations from Mr.Dheerayut Varnitshang, Vice Minister for Industry, Ministry of Industry in the “Green Mining Award 2019” organized by the Department of Primary Industries and Mines, Ministry of Industry.



**13.** G J Steel Company have supported to Queen Savang Vadhana Memorial Hospital, Sriracha, Chonburi, for the cost of medicine for monks and destitute patients in the amount 200,000 Baht and Supporting medical equipment in the amount of 250,000 Baht to proceed with the objectives.



**14.** Provided financial support to the Father Redemptorist Foundation Pattaya Project. G J Steel Company has supported Father Ray Foundation For a school for the blind in the amount of 200,000 baht and for the orphaned monks in Pattaya, 200,000 baht. Objectives for use in the preparation of educational materials and equipment. For the above mentioned projects which still lack to meet the needs





## Management's Discussion and Analysis

The Company posted an Operating EBITDA loss of THB 271 Million for the year 2019 against an Operating EBITDA profit of THB 612 Million in last year.

The Company has recorded a net loss of THB 1,353 Million for 2019 against a loss of THB 836 Million last year mainly due production disruptions during 1st Quarter 2019 combined with the negative HRC cash margin for second half of 2019 resulting from large decrease in HRC selling price compared to last year.

	Year 2019			Year 2018		
	Own production	Tolling	Total	Own production	Tolling	Total
HRC production volume (k tons)	635	48	683	807	629	1,436
HRC sale volume (k tons)	639	71	710	805	642	1,447

The Production and Shipment volumes for this year were lower as compared to last year due to due to termination of Tolling activities since February 2019.

### Operating results

The Company reported a net loss of THB 1,353 million and THB 836 million in year 2019 and 2018, respectively. This is primarily due to:

#### Revenue from sales and cost of sale of goods

The total sales volumes and total production volumes were lower than last year mainly due to the termination of tolling agreement with G Steel Public Company Limited in February 2019 resulting to significant decrease in sale volume and production volume.

#### Selling Expenses

Selling expenses for year 2019 and 2018 amounting to THB 174 million and THB 362 million respectively. The decrease is mainly due to reduction in sales volume as explained above.

#### Administrative expenses

Administrative expenses for year 2019 and 2018 amounting to THB 543 million and THB 500 million respectively. The increase is mainly due to the adjustment of one off provision for severance pay according to new announcement of Labour Protection Act in April 2019 by increasing the rate of benefit of an employee who has past service 21 years or more from 300 days to 400 days amounting to THB 21 million and pay-off for termination of employee of THB 9 million.

#### Financial costs

The financial costs for year 2019 and 2018 amounted to THB 348 million and THB 475 million, respectively. The decrease of financial costs of THB 127 million mainly resulted from reduction in working capital due to termination of tolling and repayment of short-term loan USD 20 million from the cash received from Right-offering received in previous quarter.

### Net foreign exchange gain

The Company had recorded gain from exchange rate for year 2019 and 2018 amounting to THB 216 million and THB 105 million in respectively due to the strengthening of the Thai Baht against the US Dollar.

### Net gain from write-off expired legal prescription of debts

The Company had recorded net gain from write-off expired legal prescription of debts for year 2019 and 2018 in amounted to THB 10 million and THB 119 million in respectively.

## Statement of financial positions

### Assets

As of 31 December 2019, the Company has total assets amounting to THB 15,488 million which decreased from the year ended 2018 by THB 3,336 million. The current assets amounted to THB 1,882 million, decreased by 58% from the year ended 2018 mainly due to the decrease in inventory by THB 2,495 million partially offset by increased in cash & cash in banks by THB 223 million. Total non-current assets decreased by 5% from the year ended 2018.

- Cash and cash equivalent

At the end of year 2019 the Company had cash and cash equivalent of THB 424 million which 111% above last year. This caused from the Company had net cash inflows from operating activities of THB 365 million, net cash inflows from investing activities of THB 3 million, and net cash outflows by financing activities of THB 144 million resulting in increase of cash and cash equivalent.

- Trade accounts receivable

At the end of year 2019 the Company had trade accounts receivable of THB 358 million after deducting the allowance for doubtful accounts of THB 352 million, the net trade accounts receivable remained at THB 6 million. Whereby as of 31 December 2018 it had trade accounts receivable of THB 431 million with deductions in the allowance for doubtful accounts of THB 417 million, the net trade accounts receivable remained at THB 14 million. The net trade accounts receivable was reduced by THB 8 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 2019 and 2018 the Company had inventories amounted to THB 1,367 million and THB 3,861 million in respectively, which decreased by THB 2,494 million due to in last year it included HRC under Tolling Agreement amounted to THB 1,275 million combination with in year 2019 the demand of HRC was relatively low, therefore the plant operated in Off Peak and minimized the stock in a low level.

- Short-term loan to related party

As of 31 December 2019 and 2018 the Company had short-term loan to related party of THB 0 million and THB 94 million in respectively, which decreased by THB 94 million due to during the year 2019, the Company had received the repayment in full amount.

- Other Current assets

As of 31 December 2019 and 2018 the Company had other current assets of THB 85 million and THB 268 million in respectively, which decreased by THB 183 million due to the reduction in VAT refundable with Revenue Department of THB 150 million.

- Property, plant and equipment

As of 31 December 2019 and 2018 the Company had net property, plant and equipment of THB 13,049 million and THB 13,839 million in respectively, which decreased by THB 790 million, or 6% below due to depreciation for the year.

- Other non-current assets

As of 31 December 2019 and 2018 the Company had other non-current assets of THB 550 million and THB 540 million in respectively, which decreased by THB 10 million due to a decreasing in work roll

#### Liabilities

As of 31 December 2019, the Company has total liability amounting to THB 2,194 million. Total current liabilities amounted to THB 1,038 million and total non-current liabilities amounted to THB 1,156 million. As compared with the year ended 2018, the total liability decreased by THB 3,413 million or 61%, on account of:

- Trade accounts payable

As of 31 December 2019 and 2018 the Company had trade accounts payable of THB 333 million and THB 2,033 million in respectively, which decreased by THB 1,700 million due to in last year the Company had trade accounts payable related to import scrap for Tolling Agreement which it was terminated in February 2019 combination with in year 2019 the demand of HRC was relatively low, therefore it decreased import scrap in this year. Combination with some portion of cash received from raise-up share capital in 2<sup>nd</sup> Quarter of this year has been paid for trade account payable.

- Other payables and accrued expenses

As of 31 December 2019 and 2018 the Company had other payable and accrued expenses of THB 340 million and THB 719 million in respectively, which decreased by THB 379 million due to the Company had repayment to some other payables and accrued expenses.

- Advance from customers

As of 31 December 2019 and 2018 the Company had advance from customers of THB 20 million and THB 33 million in respectively, which decreased by THB 13 million due to late of 2019



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 2019 and 2018 the Company had short-term loans from related party amounted to THB 0 million and THB 1,239 million in respectively, which decreased due to it was full settlement during the year.

- Long-term loan from related party

As of 31 December 2019 and 2018 the Company had long-term loan from related party amounted to THB 1,049 million and THB 1,118 million in respectively, which decreased by THB 68 million due to the strength of the Thai Baht against the US Dollar .

- Employee benefit obligations

As of 31 December 2019 and 2018 the Company had employee benefit obligations amounted to THB 106 million and THB 80 million in respectively, caused from Labour Protection Act announced in April 2019 in which the main point was increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. Resulting to the Company provided additional provisions for employee benefits increased in amounted of THB 21 million.

#### Equity

As of 31 December 2019, the Company has total equity amounted to THB 13,294 million which increased by THB 76 million or 1% increase from year ended 2018 mainly due to:

1. Registered increased share capital and received cash (net of discounted on ordinary shares) amounting to THB 1,429 million resulting in increase in equity.
2. The Company recorded a net loss for the year 2019 of THB 1,353 million.

#### Significant financial ratios

	As of 31 December	
	2019	2018
Liquidity Ratio		
Current Ratio	1.81	1.02
Quick Ratio	0.41	0.05
Operating Cash Flow Ratio	0.07	0.05
Operating Efficiency Ratio		
Accounts Receivable Turnover	1,287	1,277
Days of Receivables	0	0
Inventory Turnover	5	8
Days of Inventory on Hand	69	43

	As of 31 December	
	2019	2018
Accounts Payable Turnover	9	21
Days of Payables	39	17
Cash Conversion Cycle	31	26
Profitability Ratio		
Gross Profit Margin	-5%	1%
Operating Profit Margin	-4%	1%
EBITDA Margin	-1%	2%
Net Profit Margin	-10%	-3%
Return on Equity	-10%	-2%
Return on Assets	-8%	-4%
Total Assets Turnover	0.77	1.57
Debt leverage ratio		
Debt to Equity Ratio	0.17	0.42
Interest Coverage Ratio	2.10	2.57
Dividend Payout Ratio	-	-

#### Liquidity Ratio

In year 2019, 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 (the Company has the current assets greater than current liabilities)
- Quick Ratio achieves higher than 2018 (the Company has the assets which can turn into cash faster than last year)
- Operating Cash Flow Ratio improves a little over 2018 (the Company has improved in current liabilities due to during in year 2019 the Company had repaid some portion of accounts payable and short-term loan from related parties which most of cash was from raised up share capital in mid-year 2019)

#### Operating Efficiency Ratio

- Account Receivable Turnover achieves a little higher value and Days of Receivable is zero day (the Company has a proper in sale management resulting to the account receivable turnover is high and the days for collection in receivable is also fasten).

- Inventory Turnover achieves lower value and Days of Inventory on Hand achieves higher value (in during Q4 of year 2019, as the demand in market was a little down trend so the Company reduce production capacity in order to keep stock in minimal).
- Account Payable Turnover Ratio achieves low value (The Company has a cash management to pay off debt in the number of rounds more often).
- Cash Conversion Cycle achieves a high number of days, indicates that the Company still needs to manage and plan financially carefully.

#### Profitability Ratio

- Gross Profit Margin, Operating Profit Margin, EBITA Margin, Net Profit Margin, Return on Equity, Return on Assets and Total Assets Turnover is lessen, due to the slowdown in global economies growth resulting in reduced HRC's selling price in year 2019 which continued from year 2018, yield to the performance in year 2019 was worse than last year.

#### Debt Leverage Ratio

- Debt to Equity Ratio and Interest Coverage Ratio improves a little over 2018 due to the raised up share capital project in mid-year 2019 which was repaid for trade account payable and short-term loan.

#### Cash flow in year 2019

The Company has a net loss of THB 1,353 million, after adjusting for non-cash depreciation expense and amortization of THB 974 million, and net changes in operating assets and liabilities of THB 743 million. The Company has the cash inflow from the operating activities of THB 365 million.

In the year the Company has cash inflow from investment activities of THB 3 million.

For the financial activities, the Company has cash outflow for repayment of short-term and long-term loan from related party of THB 1,863 million and payment of interest expenses of THB 331 million and partial offset with cash inflow for receive short-term loan from related party of THB 624 million and receive from issuance of new ordinary shares of THB 1,429 million.

In the bottom the Company has net cash inflow in year 2019 of THB 224 million when combine with the cash in the beginning of THB 201 million, the Company has the cash balance at the year-end of THB 424 million.



Commitments as of 31 December 2019 can summarize in below:

Commitment	Total	Payment in period			
		Within 1 <sup>st</sup> year	In year 2 <sup>nd</sup> and 3rd	In year 4 <sup>th</sup> and 5th	In year 6 <sup>th</sup> onwards
Operating lease liabilities	12.45	7.16	5.29	-	-
Purchase contracts liabilities	1,269.46	998.65	141.30	129.52	-
Other commitment liabilities	169.59	169.59	-	-	-
Total	1,451.51	1,175.40	146.59	129.52	-

#### 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

## 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
1	Assoc. Prof. Niputh	Jitprasonk	Chairman of the Audit Committee	6 / 6
2	Mr. Stephen	Karl Stewart	Member of the Audit Committee	4 / 6
3	Mr. Yingsak	Jenratha	Member of the Audit Committee	6 / 6

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 2019, 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

# Financial Statements 2019

G J STEEL PUBLIC COMPANY LIMITED  
THAILAND

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019  
AND  
INDEPENDENT AUDITOR'S REPORT

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EXPRESSED IN  
THAI BAHT

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## **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, 2019, the related statements of changes in equity, 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, 2019, 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 under the Royal Patronage of his Majesty the King'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 statements, 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 25, 2020

# G J Steel Public Company Limited

## Statement of financial position

Assets	Note	31 December	
		2019	2018
		(Baht)	
<b>Current assets</b>			
Cash and cash equivalents	6	424,062,101	201,031,915
Trade accounts receivable	7	6,196,512	13,892,449
Inventories	8	1,366,609,957	3,861,388,858
Short-term loan to related party	5, 9	-	94,000,000
Other current assets	5, 10, 29	85,084,093	268,025,937
<b>Total current assets</b>		<b>1,881,952,663</b>	<b>4,438,339,159</b>
<b>Non-current assets</b>			
Advance payment for purchase of property, plant and equipment	11	210,000,000	210,000,000
Property, plant and equipment	12	13,049,272,540	13,838,823,623
Intangible assets	13	6,494,070	7,134,735
Other non-current assets	15, 29	340,185,345	330,065,237
<b>Total non-current assets</b>		<b>13,605,951,955</b>	<b>14,386,023,595</b>
<b>Total assets</b>		<b>15,487,904,618</b>	<b>18,824,362,754</b>

# G J Steel Public Company Limited

## Statement of financial position

Liabilities and equity	Note	31 December	
		2019	2018
		(Baht)	
<b>Current liabilities</b>			
Trade accounts payable	5, 19, 29	333,324,560	2,033,028,589
Other payables and accrued expenses	5, 20, 29	340,170,757	660,628,473
Advance from customers	39,4	19,799,767	32,682,502
Short-term loan from related party	5, 17	-	1,239,362,400
Accrued interest expenses	5, 21, 29	137,094,718	131,777,508
Liabilities from terminated rehabilitation plan	23, 29	170,123,670	180,013,171
Current portion of finance lease obligation	18	438,781	416,261
Provision	24	19,175,314	40,565,153
Other current liabilities	22, 29	17,871,920	31,106,530
<b>Total current liabilities</b>		<b>1,037,999,487</b>	<b>4,349,580,587</b>
<b>Non-current liabilities</b>			
Other payables and accrued expenses	5, 20	-	58,077,068
Long-term loan from related party	5, 17	1,049,023,546	1,117,518,130
Finance lease obligation	18	950,062	1,388,843
Employee benefit obligations	25	105,685,887	80,140,624
<b>Total non-current liabilities</b>		<b>1,155,659,495</b>	<b>1,257,124,665</b>
<b>Total liabilities</b>		<b>2,193,658,982</b>	<b>5,606,705,252</b>
<b>Equity</b>			
Share capital	26		
Authorised share capital		27,600,824,751	129,298,350,419
Issued and paid-up share capital		24,467,648,060	96,104,091,707
Warrants	27	-	-
Premium (discount) on ordinary shares	26	(9,667,486,450)	(61,757,357,060)
Retained earnings (deficit)			
Appropriated			
Legal reserve	26, 28	-	18,507,422
Deficit		(1,815,597,192)	(21,457,265,785)
Other components of equity	28	309,681,218	309,681,218
<b>Total equity</b>		<b>13,294,245,636</b>	<b>13,217,657,502</b>
<b>Total liabilities and equity</b>		<b>15,487,904,618</b>	<b>18,824,362,754</b>



# G J Steel Public Company Limited

## Statement of comprehensive income

		For the year ended	
		31 December	
	<i>Note</i>	2019	2018
		(Baht)	
<b>Income</b>			
Revenue from sale	5, 30	12,922,809,092	29,909,762,166
Net foreign exchange gains		215,925,699	105,317,881
Net gain from write-off the expired prescription of liabilities	29	10,387,557	119,077,086
Net gain from debt restructuring		-	677,203
Gain on confirmed purchase orders for undelivered raw material	24, 39.3	21,389,840	-
Other income	5	97,456,152	45,021,834
<b>Total income</b>		<b>13,267,968,340</b>	<b>30,179,856,170</b>
<b>Expenses</b>			
Cost of sale			
- Cost of goods sold	5	13,385,969,008	29,341,753,665
- Idle cost		241,851,797	125,364,360
- (Reversal of) loss on devaluation of inventories		(72,802,730)	160,473,440
Total Cost of sale		13,555,018,075	29,627,591,465
Selling expenses	31	174,375,018	361,595,485
Administrative expenses	5, 32	543,453,591	500,470,914
Bad and doubtful debts expense		-	10,341,274
Loss on confirmed purchase orders for undelivered raw material	24, 39.3	-	40,565,153
Finance costs	5, 16, 35	347,691,068	475,239,208
<b>Total expenses</b>	34	<b>14,620,537,752</b>	<b>31,015,803,499</b>
<b>Profit (loss) for the year</b>		<b>(1,352,569,412)</b>	<b>(835,947,329)</b>
<b>Other comprehensive income (expenses) For the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income (expenses) For the year</b>		<b>(1,352,569,412)</b>	<b>(835,947,329)</b>
<b>Earnings (loss) per share</b>	37		
Basic earning (loss) per share		(0.063)	(0.060)

# G J Steel Public Company Limited

## Statement of changes in equity

		Issued and paid-up share capital	Premium (discount) ordinary shares	Retained earnings / (Deficit)		Other components of equity	Total equity
	<i>Note</i>			Appropriated - Legal reserve	Deficit (Baht)		
<b>For the year ended 31 December 2018</b>							
<b>Balance at 1 January 2018</b>		<b>96,104,091,707</b>	<b>(61,757,357,060)</b>	<b>18,507,422</b>	<b>(20,621,318,456)</b>	<b>309,681,218</b>	<b>14,053,604,831</b>
Comprehensive income (expenses) for the year							
Profit (loss) for the year		-	-	-	(835,947,329)	-	(835,947,329)
Other comprehensive income (expenses)		-	-	-	-	-	-
Total comprehensive income (expenses) for the year		-	-	-	(835,947,329)	-	(835,947,329)
<b>Balance at 31 December 2018</b>		<b>96,104,091,707</b>	<b>(61,757,357,060)</b>	<b>18,507,422</b>	<b>(21,457,265,785)</b>	<b>309,681,218</b>	<b>13,217,657,502</b>
<b>For the year ended 31 December 2019</b>							
<b>Balance at 1 January 2019</b>		<b>96,104,091,707</b>	<b>(61,757,357,060)</b>	<b>18,507,422</b>	<b>(21,457,265,785)</b>	<b>309,681,218</b>	<b>13,217,657,502</b>
Comprehensive income (expenses) for the year							
Profit (loss) for the year		-	-	-	(1,352,569,412)	-	(1,352,569,412)
Other comprehensive income (expenses)		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	(1,352,569,412)	-	(1,352,569,412)
Par value reduction to compensate the deficit	26	(82,733,087,643)	61,757,357,060	-	20,975,730,583	-	-
Transfer of legal reserve to compensate the deficit	26	-	-	(18,507,422)	18,507,422	-	-
Issuance of new ordinary shares	26	11,096,643,996	(9,667,486,450)	-	-	-	1,429,157,546
		(71,636,443,647)	52,089,870,610	(18,507,422)	19,641,668,593	-	76,588,134
<b>Balance at 31 December 2019</b>		<b>24,467,648,060</b>	<b>(9,667,486,450)</b>	<b>-</b>	<b>(1,815,597,192)</b>	<b>309,681,218</b>	<b>13,294,245,636</b>

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

	For the year ended 31 December	
	2019	2018
	(Baht)	
<b>Cash flows from operating activities</b>		
Net profit (loss) for the year	(1,352,569,412)	(835,947,329)
Adjustments for		
Depreciation and amortisation	900,055,978	881,888,909
Work roll amortisation	74,413,022	111,697,717
Interest income	(19,793,710)	(2,817,083)
Finance costs	347,691,068	475,239,208
(Reversal of) loss on impairment of property, plant and equipment	-	(3,524)
Net gain from debt restructuring	-	(677,203)
Net gain from write-off the expired prescription of liabilities	(10,387,557)	(119,077,086)
Unrealised gain on foreign exchange	(87,438,095)	(29,658,486)
Bad and doubtful debts expense	-	10,341,274
(Reversal of) loss on devaluation of inventories	(72,802,730)	160,473,440
Loss (gain) on confirmed purchase orders for undelivered raw material	(21,389,840)	40,565,153
Employee benefit expenses	29,051,262	8,101,349
Loss on write-off of assets	4,105,007	163,081
	(209,065,007)	700,289,420
Changes in operating assets and liabilities		
Trade accounts receivable	7,695,936	19,067,846
Inventories	2,567,581,631	(742,948,393)
Advances to suppliers	(7,744,246)	172,286,538
Other current assets	185,193,627	(60,586,422)
Other non-current assets	(84,533,129)	(145,932,761)
Trade accounts payable	(1,682,896,330)	1,185,516,249
Advances received from customers	(12,882,734)	(159,666,704)
Other payables and accrued expenses	(384,752,467)	(143,555,781)
Other current liabilities	(12,361,335)	10,396,251
Paid employee benefit obligations	(3,506,000)	(115,200)
Interest received	2,554,223	2,817,083
<b>Net cash from (used in) operating activities</b>	<b>365,284,169</b>	<b>837,568,126</b>



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

	For the year ended 31 December	
	2019	2018
	(Baht)	
<b>Cash flows from investing activities</b>		
Interest received	22,779,213	-
Cash received from short-term loan to related party	94,000,000	-
Purchase of intangible assets	(1,501,000)	(2,845,311)
Purchase of property, plant and equipment	(112,468,238)	(80,940,999)
<b>Net cash from (used in) investing activities</b>	<b>2,809,975</b>	<b>(83,786,310)</b>
<b>Cash flows from financing activities</b>		
Cash received from short-term loan from related party	624,380,000	-
Repayment of liabilities from terminated rehabilitation plan	(2,604,146)	(6,568,141)
Repayment of short-term loan from other party	(1,863,742,400)	(229,930,400)
Repayment of long-term loan from other party	-	(361,319,200)
Payment for financial lease liabilities	(501,600)	(501,600)
Cash received from issuance of new ordinary shares	1,502,670,541	-
Pay the cost of issuing new shares	(73,512,995)	-
Finance costs paid	(330,828,307)	(532,519,476)
<b>Net cash from (used in) financing activities</b>	<b>(144,138,907)</b>	<b>(1,130,838,817)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>223,955,237</b>	<b>(377,057,001)</b>
Cash and cash equivalents at 1 January	201,031,915	578,123,897
Effect of exchange rate changes on balances held in foreign currencies	(925,051)	(34,981)
<b>Cash and cash equivalents at 31 December</b>	<b>424,062,101</b>	<b>201,031,915</b>
<b>Non-cash transactions</b>		
From write-off the expired legal prescription of liabilities		
Increase (decrease) in other current assets	47,262	(4,240,853)
Decrease in other non - current assets	-	(17,397,414)
Decrease in trade accounts payable	16,754,450	12,531,371
Decrease (increase) in other payables and accrued expenses	(6,414,155)	92,680,271
Decrease in accrued interest expenses	-	2,122,100
Decrease in liabilities from terminated rehabilitation plan	-	16,000,382
Decrease in other current liabilities	-	17,381,229
Net gain from write-off the expired prescription of liabilities	(10,387,557)	(119,077,086)

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

The financial statements were approved and authorised for issue by the Board of Directors on 25 February 2020.

## **1 General information, the shareholding structure and going concern**

### **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.

### **1.2 The shareholding structure**

The Company’s major shareholders as follows:

Name of shareholder	(%)
	Shareholding proportion As at 31 December 2019
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) was incorporated in overseas	40.45
G Steel Public Company Limited (“G Steel”)	8.24
Mrs. Jarunee Chinvongvorakul	7.37
Superior Overseas (Thailand) Company Limited	1.62
GS Securities Holdings Co., Ltd. (“GS Securities”) GS Securities are 99.99% owned by G Steel	1.20



### 1.3 Going concern

As at 31 December 2019 and 2018 part of financial position of the Company are as follows:

	As at 31 December	
	2019	2018
	(in Million Baht)	
Risk effected to the going concern		
(1) Profit (loss) for the year	(1,353)	(836)
(2) Deficit	1,816	21,457
(3) Current assets exceed current liabilities	844	89

As at 31 December 2019 and 2018 there were no factors that may cause significant doubt on going concern since the Company has accomplished its plan by negotiating debt restructuring with major creditors by repaying partial debt and conversion of debts-to-equity successfully in year 2017 and obtained credit facility for additional working capital as described in Note 41 to the financial statements. Furthermore, the capital restructuring plan as approved by the Extraordinary Shareholders' Meeting No. 1/2019 on 14 January 2019 combined with increase in additional paid-up capital registered with the Ministry of Commerce on 3 May 2019 from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) as described in Note 26 to the financial statements. The Company still has various plans to increase the profitability in future as followings:

#### a) The production

The Company has the production strategy to utilize the off-peak period (which has lower demand for electricity and hence lower tariff rate). In year 2018, the Company increased the production to nearly full capacity for off-peak and in the second half of year 2018 the Company did a test run to extend the 24 hour production capacity for 6 days a week in order to ensure that the machinery is in good condition for running the 24 hour production capacity in next opportunity, 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 importers. Various projects in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc., are under progress.

b) The Governmental support

The Company have 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 surges to Thailand that also have dampened the stability of Thailand’s economy. Up to the present, Ministry of Commerce has 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	13 Dec 2018 to 12 Dec 2023*

\* 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. And the existing antidumping duties have been imposed continuously for within another one year after the previous expiry date 25 December 2017. And then the antidumping continuation review procedure was finished when Thailand’s Antidumping and Countervailing Committee issued the “Notification of Determination for the Necessity of Continuation of the Antidumping Measure”, 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 13 December 2018 through 12 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

\* The Safeguard Measure on Other-Alloy Steel Hot-Rolled Flat Products has ended on February 26, 2019.

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

Hot Rolled Steel (million metric tonnes)	Year 2019	Year 2018	Increase / (decrease)
Production	2.63	3.20	(0.57)
Import	4.04	3.96	0.08
Export	0.008	0.074	(0.066)
Consumption	6.66	7.09	(0.43)

For the trend of the steel industry, World Steel Association forecasts that the demand of ASEAN steel consumption in the year 2020 will increase by 1.8% per annum. For Thailand, local demand for steel consumption is expected to increase around 0.7% per annum following the demand from local downstream industry.



## **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 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 2019. However, the adoptions of said financial reporting standards in the current year does not have material effect on the financial statements.

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 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 statements 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 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 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 ongoing 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 and 10	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

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

The Federation of Accounting Professions has issued the new accounting standard, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which is effective for financial statements period beginning on or after January 1, 2020 as follows:

#### Accounting Standard

TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 12	Income Taxes
TAS 16	Property, Plant and Equipment
TAS 19	Employee Benefits
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rates
TAS 23	Borrowing Costs
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27	Separate Financial Statements
TAS 28	Investments in Associates and Joint Ventures
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 32	Financial Instruments: Presentation
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TAS 40	Investment Property
TAS 41	Agriculture

#### Financial Reporting Standard

TFRS	1	First-time Adoption of International Financial Reporting Standards
TFRS	2	Share - based Payment
TFRS	3	Business Combinations
TFRS	4	Insurance Contract
TFRS	5	Non - current Assets Held for Sale and Discontinued Operations
TFRS	6	Exploration for and Evaluation of Mineral Resources
TFRS	7	Financial Instruments: Disclosures
TFRS	8	Operating Segments
TFRS	9	Financial Instruments
TFRS	10	Consolidated Financial Statements
TFRS	11	Joint Arrangements
TFRS	12	Disclosure of Interests in Other Entities
TFRS	13	Fair Value Measurement
TFRS	15	Revenue from Contracts with Customers
TFRS	16	Leases

#### Accounting Standard Interpretations

TSIC	10	Government Assistance - No Specific Relation to Operating Activities
TSIC	25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC	29	Service Concession Arrangements: Disclosures
TSIC	32	Intangible Assets - Web Site Costs

#### Financial Reporting Standard Interpretations

TFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC	7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC	10	Interim Financial Reporting and Impairment
TFRIC	12	Service Concession Arrangements
TFRIC	14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC	16	Hedges of a Net Investment in a Foreign Operation
TFRIC	17	Distributions of Non - Cash Assets to Owners
TFRIC	19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC	20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC	21	Levies
TFRIC	22	Foreign Currency Transactions and Advance Consideration
TFRIC	23	Uncertainty over Income Tax Treatments

The management of the Company has assessed TAS, TFRS, TSIC and TFRIC which are effective for financial statement year beginning on or after January 1, 2020 as follows:

- 1) TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 19, TAS 21, TAS 24, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TFRS 8, TFRS 13, TFRS 15 and TFRIC 22 will not have material impact on the financial statements when they are applied.
- 2) The management of the Company is currently evaluating the impact of TAS 32, TFRS 7, TFRS 9, TFRS 16 and TFRIC 19 to the financial statements when they are adopted.
- 3) The other TAS, TFRS, TSIC and TFRIC which have not been stated in No.1) and 2) are not relevant to the Company business, therefore they do not have impact on the financial statement when they are applied.

#### **4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change in the accounting policies due to the adoption of the Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers”.

##### **(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.

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.

## 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	5 - 20 years
Buildings	20 - 50 years
Machinery and equipment	5 - 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 life 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.

**(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.

**(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. Net unrecognized past service costs and the fair value of plan assets, the discounted rate as at the reporting date of the government bonds, whose maturity terms are close to the expiration dates 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.



#### 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**

##### Sale of goods

Revenue is recognized in profit and loss at the point in time when control of goods is transferred to the customer, generally on delivery of the goods, except for sale transaction related to "Contract for special product" which are recognized as revenue by reference of the stage of completion.

##### Interest income

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

However, the adoption of Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" does not have any significant impact on the financial statements.

#### **(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.

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.

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 Company'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 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

<b>Name of entities</b>	<b>Country of incorporation/ Nationality</b>	<b>Type of business</b>	<b>Nature of Relationships</b>
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Mauritius	Special-purpose for investment	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	Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. (“SSG III”)
Synergy Strategic Solutions Management DMCC (“Synergy”)	United Arab Emirates	Business advisory	Common director
SSP Place Co., Ltd.	Thailand	Office rental	Common executive
Asia Metal PCL.	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
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:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of raw materials	Cost plus margin and agreed prices
Sale of finished goods	Agreed prices with reference to market prices
Interest income	Contractual rate
Purchase of raw materials	Cost plus margin and agreed prices
Purchase of finished goods	Agreed prices with reference to market prices
Tolling service	Contractual prices
Rental and service expenses	Contractual prices
Business advisory services	Contractual prices
Finance costs	Contractual rate

Significant transactions for the year ended 31 December 2019 and 2018 with related parties were as follows:

	2019	2018
	(in million Baht)	
<b>Parent (G Steel)</b>		
Sales of raw materials and finished goods	309	273
Interest income	17	-
Other income	1	-
Purchases of raw materials	36	668
Tolling service	274	3,873
<b>Connected persons or related parties</b>		
Sales of raw materials and finished goods	286	977
Purchases of raw materials and finished goods	-	15
Rental and service expenses	5	4
Business advisory services	14	-
Finance costs	305	440
<b>Key management personnel</b>		
Key management personnel compensation		
Salary and bonus	27	29
Meeting allowance and other benefits	4	4
<b>Total key management personnel compensation</b>	<u>31</u>	<u>33</u>

Balances as at 31 December 2019 and 2018 with related parties were as follows:

		As at 31 December 2019 (in million Baht)	2018
	<i>Note</i>		
<b>Short-term loan to related party</b>	<b>9</b>		
<b>Parent company</b>			
G Steel		<u>-</u>	<u>94</u>
<b>Accrued interest receivable</b>	<b>10</b>		
<b>Parent company</b>			
G Steel		<u>-</u>	<u>5</u>
<b>Advance to suppliers</b>	<b>10</b>		
<b>Connected persons or related parties</b>			
Mahachai Steel Center Co., Ltd.		<u>8</u>	<u>8</u>
<b>Refundable deposits</b>	<b>15</b>		
<b>Connected persons or related parties</b>			
SSP Place		<u>1</u>	<u>1</u>
<b>Trade accounts payable</b>	<b>19</b>		
<b>Parent company</b>			
G Steel		<u>-</u>	<u>6</u>
<b>Other payables and accrued expenses</b>	<b>20</b>		
<b>Connected persons or related parties</b>			
OAC		13	13
SSP Place		1	1
Synergy		1	-
<b>Total</b>		<u>15</u>	<u>14</u>
<b>Short-term loan from related party</b>	<b>17</b>		
<b>Connected persons or related parties</b>			
Link Capital I		<u>-</u>	<u>1,239</u>
<b>Long-term loan from related party</b>	<b>17</b>		
<b>Connected persons or related parties</b>			
Link Capital I		<u>1,049</u>	<u>1,118</u>
<b>Accrued interest expenses</b>	<b>21</b>		
<b>Connected persons or related parties</b>			
OAC		5	4
Link Capital I		29	34
<b>Total</b>		<u>34</u>	<u>38</u>

## **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 according to the Company's sale order. Tolling agreement was valid for one year from the contract date and automatically renewable for another year if there was 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 termination in advance to terminate the Agreement effective 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.

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%.

Consequent to the Rights Offering by the Company as described in Note 26 to the financial statements, as at 31 December 2019, the percentage of shareholding in the Company of G Steel and GS Securities is 9.44%.

## 6 Cash and cash equivalents

	As at 31 December	
	2019	2018
	(in million Baht)	
Cash at banks - Saving Account	424	201
Cash at banks - Current Account	-	-
<b>Total</b>	<b>424</b>	<b>201</b>

The currency denomination of cash and cash equivalents as at 31 December 2019 and 2018 was as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Thai Baht (THB)	411	197
United States Dollars (USD)	13	4
<b>Total</b>	<b>424</b>	<b>201</b>



## 7 Trade accounts receivable

	As at 31 December	
	2019	2018
	(in million Baht)	
Other parties	358	431
<u>Less</u> allowance for doubtful accounts	(352)	(417)
<b>Net</b>	<b>6</b>	<b>14</b>
<b>(Reversal) Bad and doubtful debts expenses for the year</b>	<b>-</b>	<b>-</b>

Aging analyses for trade accounts receivable were as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
<b>Other persons or parties</b>		
Not Overdue	-	-
Overdue:		
Less than 3 months	6	14
Over 12 months	352	417
	<b>358</b>	<b>431</b>
<u>Less</u> allowance for doubtful accounts	(352)	(417)
<b>Net</b>	<b>6</b>	<b>14</b>

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

The gross and net balance due from the Non-performing Domestic Customer as at 31 December 2019 and 2018 are shown in the table below:

	As at 31 December	
	2019	2018
	(in million Baht)	
Account receivables		
- Customer 1	352	352
- Customer 2	-	65
	<b>352</b>	<b>417</b>
<u>Less</u> allowance for doubtful accounts	(352)	(417)
<b>Net</b>	<b>-</b>	<b>-</b>

The Company had no sales transactions for the year ended 31 December 2019 and 2018 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 Customer 1 could not pay as per the judgment debt. On 17 November 2016, the Customer 1 registered for dissolution. The Company has 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 a lawsuit against Customer 1 in the Central Bankruptcy Court to ask the Court to order and seize the Customer 1's asset and request Customer 1 is bankrupt. 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 in which the Official Receiver has ordered an appointment to inspect the application of payment on 25 February 2019 and make the first appointment with creditors on 28 May 2019, and the Customer 1 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. Currently, the verdict is pending with the Central Bankruptcy Court that Customer 1 is bankrupt.

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 defaulted the payments. However from year 2015 to the present the Company traced the land of the Customer 2 with Land Department but did not find any property belonging to it. On 27 October 2017, the Company filed a lawsuit against Customer 2 at the Bankruptcy Court to ask Customer 2 to pay the debts to the Company amounting to Baht 78 million of the principal and interest at 7.5% p.a. 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. The creditors who filed application for payment of debt voted to request the Court to adjudge the debtor to be bankrupt. On 17 April 2019, the Central Bankruptcy Court has ordered the Customer 2 to be bankrupt.

On 28 May 2019, the Company's Board of Directors meeting has approved for write-off of trade account receivable - Customer 2 and allowance for doubtful account of Baht 65 million according to the Court Order for this trade account receivable - Customer 2 to be bankrupt.

The currency denomination of trade accounts receivable, gross amount as at 31 December 2019 and 2018 was as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Thai Baht (THB)	358	431
United States Dollars (USD)	-	-
<b>Total</b>	<b>358</b>	<b>431</b>

## 8 Inventories

	As at 31 December	
	2019	2018
	(in million Baht)	
Finished goods	346	1,132
Work in process	-	4
Raw materials	418	1,507
Consumables	127	427
Spare part	336	294
Goods in transit	259	689
<b>Total</b>	<b>1,486</b>	<b>4,053</b>
<u>Less</u> allowance for devaluation of inventories	(119)	(192)
<b>Net</b>	<b>1,367</b>	<b>3,861</b>
 <b>Carrying value of inventories pledged to secure liabilities</b>	 <b>-</b>	 <b>327</b>

## 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. In that time G Steel was 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 and 29 April 2019 the annual shareholders' meeting has approved for such financial assistance transaction to G Steel.

Whereby as at December 31, 2018, 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 and ceased recognizing interest income from the date of 15 November 2017. Then on the date of 26 and 30 April 2019, the Company has received all the repayment of principle and interest receivable up until 30 April 2019 in amount of Baht 116.5 million. As a result, the Company recognizes its interest income from 15 November 2017 to 30 April 2019 in amount of Baht 17 million in the statement of income for year ended 31 December 2019.



## 10 Other current assets

		As at 31 December	
		2019	2018
	Note	(in million Baht)	
Suspense input tax		9	16
Accrued interest receivable related party	5	-	5
Prepaid expense and others		18	197
		<b>27</b>	<b>218</b>
Advance to suppliers			
Connected persons or related parties	5	8	8
Other connected persons or parties		61	53
		69	61
<u>Less</u> allowance for doubtful account		(11)	(11)
<b>Net</b>		<b>58</b>	<b>50</b>
<b>Total</b>		<b>85</b>	<b>268</b>
<b>(Reversal) Bad and doubtful debts expenses</b>			
<b>for the year</b>		<b>-</b>	<b>10</b>

On 13 September 2019 the Company filed a lawsuit against a local company representative to the Southern Bangkok Criminal Court due to the defendant counterfeited the bank account in such sale and purchase documents of a foreign company which is a manufacturer of electrode for an amount of Baht 2.3 million together with the interest 7.5% p.a. from the date the defendant had committed the offense. The Court made an appointment for reconciliation session on 13 November 2019, but the parties could not reach an agreement. The Court therefore ordered the preliminary hearing on 9 March 2020.

## 11 Advance payment for purchase of property, plant and equipment

	As at 31 December	
	2019	2018
	(in million Baht)	
Advance for purchase land	210	210
Advance for purchase machinery	-	54
<b>Total</b>	<b>210</b>	<b>264</b>
<u>Less</u> allowance for impairment	-	(54)
<b>Net</b>	<b>210</b>	<b>210</b>

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 amounting to Baht 330 million (For the Company amounting to Baht 206 million) (as described in Note 20 to the financial statements).

On 28 May 2019, the Company's Board of Directors meeting has approved the write-off of advance for purchase of machinery and allowance for impairment of Baht 54 million because the Company entered to Settlement Agreement and Release Agreement on 22 July 2011, in which it was agreed to release all liabilities and commitments under all existing agreements. Subsequently, Company cannot claim any right on such advance for purchase machinery.

## 12 Property, plant and equipment

	Land and land improvements	Building	Machinery and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
	(in million Baht)							
<b>Cost</b>								
<b>As at 31 December 2018</b>	<b>866</b>	<b>6,247</b>	<b>17,933</b>	<b>13</b>	<b>166</b>	<b>5</b>	<b>6,816</b>	<b>32,046</b>
Additions	-	-	11	-	9	-	92	112
Disposals / Write-off	-	-	(18)	-	(4)	-	-	(22)
Transfers	-	-	27	-	1	-	(28)	-
<b>As at 31 December 2019</b>	<b>866</b>	<b>6,247</b>	<b>17,953</b>	<b>13</b>	<b>172</b>	<b>5</b>	<b>6,880</b>	<b>32,136</b>
<b>Accumulated depreciation</b>								
<b>As at 31 December 2018</b>	<b>42</b>	<b>4,270</b>	<b>10,132</b>	<b>13</b>	<b>137</b>	<b>2</b>	<b>-</b>	<b>14,596</b>
Depreciation charge for the year	5	92	791	-	9	1	-	898
Disposals / Write-off	-	-	(14)	-	(4)	-	-	(18)
<b>As at 31 December 2019</b>	<b>47</b>	<b>4,362</b>	<b>10,909</b>	<b>13</b>	<b>142</b>	<b>3</b>	<b>-</b>	<b>15,476</b>
<b>Allowance for loss on impairment</b>								
<b>As at 31 December 2018</b>	<b>23</b>	<b>76</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,122</b>	<b>3,611</b>
Disposals / Write-off	-	-	-	-	-	-	-	-
<b>As at 31 December 2019</b>	<b>23</b>	<b>76</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,122</b>	<b>3,611</b>
<b>Net book value</b>								
<b>As at 31 December 2018</b>	<b>801</b>	<b>1,901</b>	<b>7,411</b>	<b>-</b>	<b>29</b>	<b>3</b>	<b>3,694</b>	<b>13,839</b>
<b>As at 31 December 2019</b>	<b>796</b>	<b>1,809</b>	<b>6,654</b>	<b>-</b>	<b>30</b>	<b>2</b>	<b>3,758</b>	<b>13,049</b>

Details of construction in progress as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	317	253
<b>Total</b>	<b>6,880</b>	<b>6,816</b>

The cost of the Company's fully depreciated plant and equipment that was still in use is amounted to Baht 926 million as at 31 December 2019 (2018: Baht 936 million).

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

	As at 31 December	
	2019	2018
	(in million Baht)	
Cost of finance lease assets	2.95	2.95
<u>Less</u> Accumulated depreciation	(0.94)	(0.47)
<b>Net book value</b>	<b>2.01</b>	<b>2.48</b>

### Impairment evaluation

In determination of assets impairment, the management of the Company has verified various factors and concluded that there is no factor to indicate that the value of property, plant and equipment as at 31 December 2019 and 2018 may be impaired. And in December 2019, the management of the Company has retained an independent appraiser to evaluate the value of the land, buildings and equipment as at 31 December 2019 together with the assessing value in use of the assets by the Company's management. It concluded that as at 31 December 2019 and 2018 there is no factor indicating that the book value of the land, buildings and equipment may be impaired.

The discounted rate (before tax) for determination is 8.22% per annum in year 2019 and 10.50% per annum in year 2018.

### Mortgaged property, plant and equipment

Liabilities from terminated rehabilitation plan and loan from a foreign company

As at 31 December 2019 the Company's property, plant and equipment, with a net book value of Baht 7,695 million, were mortgaged under the rehabilitation plan and loan from a foreign company (31 December 2018 : Baht 8,451 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 have released the mortgaged assets.

As described in Note 41.3 to the financial statements on 6 January 2017, the Company's Board of Directors meeting had approved the mortgage of most of land, plant and machinery amounting to Baht 4,022 million for second ranking security against long-term loan from a foreign company for facility amount of USD 71 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 659 million as at 31 December 2019 (31 December 2018 : Baht 695 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 in Note 11 to the financial statements).

#### 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 605 million as at 31 December 2019 (31 December 2018 : Baht 650 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. Later, on 20 August 2019 the bank released mortgage obligation which the Company has already redeemed with the Department of Industrial Works on 24 September 2019.

### 13 Intangible assets

	Computer software licences	Production licences	Total
	(in million Baht)		
<b>Cost</b>			
<b>As at 31 December 2018</b>	<b>206</b>	<b>40</b>	<b>246</b>
Additions	1	-	1
Disposals / Write-off	-	-	-
<b>As at 31 December 2019</b>	<b>207</b>	<b>40</b>	<b>247</b>
<b>Amortisation</b>			
<b>As at 31 December 2018</b>	<b>199</b>	<b>29</b>	<b>228</b>
Amortisation charge for the year	2	-	2
Disposals / Write-off	-	-	-
<b>As at 31 December 2019</b>	<b>201</b>	<b>29</b>	<b>230</b>
<b>Allowance for loss on impairment</b>			
<b>As at 31 December 2018</b>	<b>-</b>	<b>11</b>	<b>11</b>
Increase (Decrease)	-	-	-
<b>As at 31 December 2019</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>Net book value</b>			
<b>As at 31 December 2018</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>As at 31 December 2019</b>	<b>6</b>	<b>-</b>	<b>6</b>

## 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	
	2019	2018
	(in million Baht)	
Deductible temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	70	83
- Allowance for devaluation of inventories	24	38
- Allowance for impairment - advance to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	722	722
- Allowance for impairment - intangible assets	2	2
- Depreciation gap	523	429
- Allowance for impairment - advance for purchase of machinery	-	11
- Allowance for impairment - other non-current assets	411	411
- Provision for loss on confirmed purchase orders for undelivered raw material	4	8
- Provision for employee benefits	21	16
	<hr/> 1,779	<hr/> 1,722
Loss carry forward	480	562
<b>Total</b>	<hr/> <b>2,259</b> <hr/>	<hr/> <b>2,284</b> <hr/>

The tax losses expire in 2019 to 2023. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilise the benefits there from.

## 15 Other non-current assets

		As at 31 December	
		2019	2018
	<i>Note</i>	(in million Baht)	
Suspended construction in progress		2,086	2,086
<u>Less</u> allowance for impairment		(2,053)	(2,053)
		<hr/> 33	<hr/> 33
Cash guarantee for the electricity usage		-	33
Cash guarantee for purchase natural gas		45	-
Restricted deposits at financial institutions		1	1
Deferred cost of roll - net		231	218
Refundable deposits			
Connected persons or related parties	5	1	1
Other connected persons or parties		1	1
Others		28	43
<b>Net</b>		<hr/> <b>340</b>	<hr/> <b>330</b>

### 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 has 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.



## 16 Interest-bearing liabilities

	<i>Note</i>	As at 31 December	
		2019	2018
		(in million Baht)	
<b>Current</b>			
Trade accounts payable	19		
Secured		171	1,385
		<u>171</u>	<u>1,385</u>
Other payables and accrued expenses	20		
Secured		96	-
Unsecured		13	13
		<u>109</u>	<u>13</u>
Short-term loan from related party (secured)	5, 17	-	1,239
Liabilities from terminated rehabilitation plan (unsecured)	23	170	180
		<u>450</u>	<u>2,817</u>
<b>Non-current</b>			
Long-term loan from related party (secured)	5, 17	1,062	1,142
		<u>1,062</u>	<u>1,142</u>
<b>Total</b>		<b><u>1,512</u></b>	<b><u>3,959</u></b>

The periods to maturity of interest-bearing liabilities as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Within one year	450	2,817
After one year but no greater than five years	1,062	1,142
<b>Total</b>	<b><u>1,512</u></b>	<b><u>3,959</u></b>

Secured interest-bearing liabilities as at 31 December 2019 and 2018 were secured on the following assets:

	<i>Note</i>	As at 31 December	
		2019	2018
		(in million Baht)	
Inventories	8	-	191
Property, plant and equipment - net	12	7,695	8,451
<b>Total</b>		<b>7,695</b>	<b>8,642</b>

The currency denomination of interest-bearing liabilities as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Thai Baht (THB)	355	91
United States Dollars (USD)	1,146	3,856
Euro Dollars (EUR)	8	8
Singapore Dollars (SGD)	3	4
<b>Total</b>	<b>1,512</b>	<b>3,959</b>

## 17 Loan from the related party

	<i>Note</i>	As at 31 December	
		2019	2018
		(in million Baht)	
Loan 1 <sup>st</sup> USD 30 million	41.3.1	910	979
Loan 2 <sup>nd</sup> USD 5 million	41.3.1	152	163
Loan 3 <sup>rd</sup>	41.3.2	-	1,239
(31 December 2018: USD 38 million)			
Loan 4 <sup>th</sup>	41.3.2	-	-
Loan 5 <sup>th</sup>	41.3.3	-	-
<b>Total</b>		<b>1,062</b>	<b>2,381</b>
Shot-term loan from related party	41.3.2, 41.3.3	-	1,239
<u>Deduct</u> Deferred cost of financing loan		-	-
		-	1,239
Long-term loan from related party	41.3.1	1,062	1,142
<u>Deduct</u> Deferred cost of financing loan		(13)	(24)
		1,049	1,118
<b>Total</b>		<b>1,049</b>	<b>2,357</b>

The movement of loan from related party for the year ended 31 December 2019 is as follow:

	(in million Baht)
At 31 December 2018	2,381
<u>Add</u> Received principle during the year	624
<u>Deduct</u> Paid principle during the year	(1,864)
Effect of exchange rate during the year	(79)
Total loan from related party	1,062
<u>Deduct</u> Deferred cost of financing loan	(13)
Loan from related party – Net	
<b>At 31 December 2019</b>	<b>1,049</b>

The currency denomination of loan from related party as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
United States Dollars (USD)	<b>1,062</b>	<b>2,381</b>

## 18 Finance lease obligation

	As at 31 December	
	2019	2018
	(in million Baht)	
Finance lease obligation		
Vehicle	1.50	2.01
<u>Less</u> Deferred interest	(0.11)	(0.20)
	<u>1.39</u>	<u>1.81</u>
<u>Less</u> Current portion	(0.44)	(0.42)
Finance lease obligation - net	<u><b>0.95</b></u>	<u><b>1.39</b></u>

As of 31 December 2019 and 2018 the Company has finance lease obligation with the period of payment as follows:

	2019			2018		
	(in million Baht)					
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due 1 year	0.44	0.06	0.50	0.42	0.09	0.51
Payment due over 1 year						
to 5 years	0.95	0.05	1.00	1.39	0.11	1.50
<b>Total</b>	<u><b>1.39</b></u>	<u><b>0.11</b></u>	<u><b>1.50</b></u>	<u><b>1.81</b></u>	<u><b>0.20</b></u>	<u><b>2.01</b></u>

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.



## 19 Trade accounts payable

	<i>Note</i>	As at 31 December	
		2019	2018
		(in million Baht)	
Connected persons or related parties	5	-	6
Other persons or parties		333	2,027
<b>Total</b>		<b>333</b>	<b>2,033</b>

The currency denomination of trade accounts payable as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Thai Baht (THB)	92	1,063
United States Dollars (USD)	227	970
Euro Dollars (EUR)	14	-
<b>Total</b>	<b>333</b>	<b>2,033</b>

At 31 December 2018, the Company has agreements to purchase raw materials from various suppliers. The Company withdrew raw materials and had not yet paid for the raw materials withdrawn under consignment agreements totalling Baht 313 million interest rate at 3 - 6% per annum.

## 20 Other payables and accrued expenses

		As at 31 December	
		2019	2018
	<i>Note</i>	(in million Baht)	
<b>Current</b>			
Connected persons or related parties	5	15	14
Tax installments payable		58	174
Electricity payable		96	115
Other		171	358
		<u>340</u>	<u>661</u>
<b>Non-Current</b>			
Tax installments payable		-	58
<b>Total</b>		<u><b>340</b></u>	<u><b>719</b></u>

Tax instalment payable

Revenue Department

As at 31 December 2019, the Company has outstanding balance of tax installment payable amounting to Baht 58 million (included additional full amount of surcharge, according to the Revenue code amounting to Baht 216 million) which presented as 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 guarantee provided for another company.

As at 31 December 2019, the Company shall pay the above outstanding balance with the total 4 installments at Baht 14.52 million in each installment until April 2020.

The currency denomination of other payables and accrued expenses as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
(in million Baht)		
Thai Baht (THB)	317	636
United States Dollars (USD)	20	72
Euro Dollars (EUR)	3	11
<b>Total</b>	<u><b>340</b></u>	<u><b>719</b></u>

## 21 Accrued interest

		As at 31 December	
		2019	2018
		(in million Baht)	
	<i>Note</i>		
Trade accounts payable	5, 19	2	5
Other payables and accrued expenses	5, 20	7	5
Liabilities from terminated rehabilitation plan	23	101	93
Loan from related party	5, 17	27	29
<b>Total</b>		<b>137</b>	<b>132</b>

The currency denomination of accrued interest as at 31 December 2019 and 2018 was as follows:

		As at 31 December	
		2019	2018
		(in million Baht)	
Thai Baht (THB)		51	45
United States Dollars (USD)		79	81
Euro Dollars (EUR)		5	4
Singapore Dollars (SGD)		2	2
<b>Total</b>		<b>137</b>	<b>132</b>

## 22 Other current liabilities

		As at 31 December	
		2019	2018
		(in million Baht)	
Liabilities related to taxes		6	18
Construction payables		11	12
Other		1	1
<b>Total</b>		<b>18</b>	<b>31</b>

The currency denomination of other current liabilities as at 31 December 2019 and 2018 were as follows:

		As at 31 December	
		2019	2018
		(in million Baht)	
Thai Baht (THB)		7	19
United States Dollars (USD)		9	10
Euro Dollars (EUR)		2	2
<b>Total</b>		<b>18</b>	<b>31</b>

## 23 Liabilities from terminated rehabilitation plan

In 1998 the Company faced the financial problems from financial crisis causing the Company to be unable to repay the existing debt. And in April 2000 the Company entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002 the Central Bankruptcy Court approved the business rehabilitation plan. Later on 28 November 2008 the Company filed a petition to terminate the business rehabilitation with the Central Bankruptcy Court and on 2 March 2009 the Central Bankruptcy Court issued an order to terminate the rehabilitation proceeding of the Company.

The movement of liabilities from terminated rehabilitation plan for the year ended 31 December 2019 was as follows:

	(in million Baht)
At 31 December 2018	180
Paid during the year	(3)
Exchange rate adjustments during the year	(7)
<b>At 31 December 2019</b>	<b>170</b>

Liabilities from terminated rehabilitation plan as at 31 December 2019 and 2018 were included in the financial statements as follows:

			As at 31 December	
			2019	2018
			(in million Baht)	
Creditors	Due date			
Class 4	Employee	July 2015	4	4
Class 5	Equipment Claims	October 2011	8	10
Class 13	Other Creditors	October 2011	158	166
Total			170	180

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.

The Company's liabilities from terminated rehabilitation plan 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 from terminated rehabilitation plan as at 31 December 2019 and 2018 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 2018 to the date of the report, one supplier filed a complaint against the Company for breach of the rehabilitation plan, 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.

The currency denomination of liabilities from terminated rehabilitation plan as at 31 December 2019 and 2018 was as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
Thai Baht (THB)	75	78
United States Dollars (USD)	84	90
Euro Dollars (EUR)	8	8
Singapore Dollars (SGD)	3	4
<b>Total</b>	<b>170</b>	<b>180</b>

## 24 Provision

The movement of provision for loss in obligation on raw materials purchase order which is yet to be received, for the year ended 31 December 2019 was as follows:

	<i>Note</i>	(in million Baht)
At 31 December 2018	39.3	41
Increase (decrease) during the year	39.3	(22)
<b>At 31 December 2019</b>	<b>39.3</b>	<b>19</b>

	As at 31 December	
	2019	2018
	(in million Baht)	
Current	19	41
Non-current	-	-
<b>Total</b>	<b>19</b>	<b>41</b>

The currency denomination of provision as at 31 December 2019 and 2018 was as follows:

	As at 31 December	
	2019	2018
	(in million Baht)	
United States Dollars (USD)	19	41
<b>Total</b>	<b>19</b>	<b>41</b>

## 25 Employee benefit obligations

	As at 31 December	
	2019	2018
	(in million Baht)	
<b>Statement of financial position obligations for:</b>		
Post-employment benefits	106	80
<b>Total</b>	<b>106</b>	<b>80</b>
<b>Year ended 31 December</b>	<b>2019</b>	<b>2018</b>
	(in million Baht)	
<b>Statement of comprehensive income</b>		
<b>recognised in profit or loss:</b>		
Post-employment benefits	30	8
<b>Total</b>	<b>30</b>	<b>8</b>

### 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	
	2019	2018
	(in million Baht)	
Present value of unfunded obligations	106	80
<b>Statement of financial position obligation</b>	<b>106</b>	<b>80</b>

Movement in the present value of the defined benefit obligations:

	2019	2018
	(in million Baht)	
Defined benefit obligations at 1 January	80	72
Paid benefit	(4)	-
Current service costs and interest	10	8
Past service costs	20	-
<b>Defined benefit obligations at 31 December</b>	<b>106</b>	<b>80</b>

Expense recognised in profit or loss:

	2019	2018
	(in million Baht)	
Current service costs	10	8
Past service costs	20	-
<b>Total</b>	<b>30</b>	<b>8</b>

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

<b>Year ended 31 December</b>	<b>2019</b>	<b>2018</b>
	(in million Baht)	
Cost of sales and administrative expenses	30	8
<b>Total</b>	<b>30</b>	<b>8</b>

No actuarial gains and losses were recognised in other comprehensive income for the year ended 31 December 2019 and 2018.

Principal actuarial assumptions at the reporting date:

	As at 31 December	
	2019	2018
	(%)	
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

#### 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 2019 as follows:

- If the discount rate increases (decreases) by 1.0%, the employee benefit obligation decrease Baht 10.76 million (increase Baht 12.69 million).
- If the salary increase rate increases (decreases) by 1.0%, the employee benefit obligation increase Baht 12.27 million (decrease Baht 10.64 million).
- If the employee turnover rate increases (decreases) by 10.0%, the employee benefit obligation decrease Baht 6.08 million (increase Baht 6.58 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.

Labour Protection Act has announced in the Government Gazette on April 5, 2019, which is effective dated May 5, 2019. 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. The provisions for employee benefits of the Company which calculated up to 31 December 2019 will be increased in approximately amount of Baht 21.14 million. The Company has recorded the whole amount as expense in the statement of income in for the year ended 31 December 2019.

## 26 Share capital

The movements of share capital for the year ended 31 December 2019 and 2018 were as follows:

	<i>Note</i>	Par value per share (in Baht)	2019 Number Baht (million shares / in million Baht)	2018 Number Baht (million shares / in million Baht)
<b>Authorised</b>				
At 1 January				
Ordinary shares		6.90	18,738	129,298
Par value reduction	26.1.2	(5.94)	-	(111,309)
Reduction in the register capital	26.1.3	0.96	(1,957)	(1,879)
Increase in the register capital	26.1.4	0.96	11,970	11,491
<b>At 31 December</b>				
Ordinary shares		<b>6.90</b>	<b>-</b>	<b>18,738</b>
Ordinary shares		<b>0.96</b>	<b>28,751</b>	<b>27,601</b>
<b>Issued and paid up</b>				
At 1 January				
Ordinary shares		6.90	13,928	96,104
Par value reduction	26.1.2	(5.94)	-	(82,733)
Issuance of new shares	26.1.5	0.96	11,559	11,097
<b>At 31 December</b>				
Ordinary shares		<b>6.90</b>	<b>-</b>	<b>13,928</b>
Ordinary shares		<b>0.96</b>	<b>25,487</b>	<b>24,468</b>

### Share premium (discount)

The movement of share premium (discount) during the year ended 31 December 2019 and 2018 are shown in the table below:

	<i>Note</i>	2019 (in million Baht)	2018
<b>Share premium (discount)</b>			
At 1 January		(61,757)	(61,757)
Par value reduction	26.1.2	61,757	-
Issuance of new shares	26.1.5	(9,667)	-
<b>At 31 December</b>		<b>(9,667)</b>	<b>(61,757)</b>



## 26.1 The capital restructuring of the Company

On 14 January 2019, the Extraordinary Shareholders' Meeting No. 1/2019 had approved as the following issues:

- 26.1.1 Approved the transfer of legal reserve in the amount of Baht 18,507,421.67 to compensate the retained losses.

In 1<sup>st</sup> quarter of year 2019, the Company has transfer of legal reserve to compensate the retained losses.

- 26.1.2 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.

On 18 March 2019, the Company had reduced the registered share capital with Ministry of Commerce from Baht 6.90 to Baht 0.96 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 on 1<sup>st</sup> quarter of year 2019 the Company has 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.

- 26.1.3 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.

On 19 March 2019, the Company had reduced the registered share capital with Ministry of Commerce by cancelling the Company's authorized but unissued shares, 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.

- 26.1.4 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.

On 20 March 2019, the Company had increased the registered share capital with the Ministry of Commerce 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.

- 26.1.5 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:

- 26.1.5.1 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 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.

On 3 May 2019, the Company has registered additional paid-up capital with the Ministry of Commerce from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) of 11,559,004,163 shares combines with the existing paid-up capital shall be 25,487,133,396 shares, at the par value of Baht 0.96 per share. In this regard, such capital increase will result in the Company having an increasing in discount on ordinary shares in amount of Baht 9,594 million with the cost of issuing new shares in amount of Baht 73.50 million which record under discount on ordinary shares.

The allocation of the newly issued ordinary shares as mentioned above, Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) which is a company in SSG Group exercises the right to purchase 7,499,978,175 shares in excess of rights offering, resulting that the shareholding structure of ACO I in the Company increase from 24 percent to 42.54 percent of total voting shares of the Company. Therefore, ACO I is obliged to conduct a tender offer to acquire all remaining securities of the Company pursuant to the Notification of the Capital Market Supervisory Board No. Tor Jor 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011 (as amended).

The Offer Price of the ordinary shares has been determined by ACO I to be equal to Baht 0.13 per share. ACO I is not obliged to make an offer to purchase GJS-W3 and GJS-W4 since these warrants have exercise price of Baht 0.1668 per share and Baht 0.1668 per share respectively, which are higher than the Offer Price of Baht 0.13 per share and ACO I has not acquired any such warrants for consideration during a period of 90 days prior to the date on which tender offer document is submitted to the SEC. Therefore, the Offeror is not obliged to make an offer to purchase these warrants in pursuant with Clause 7(2) of the Notification of Capital Market Supervisory Board No. Tor Jor 12/2554.

In addition, ACO I does not have an intention to delist the Business from the Stock Exchange of Thailand (SET) during the 12 months period after the end of Offer Period. In addition, Tender Offer for the Securities (Form 247-4) shall be submitted by 15 May 2019.

In this regard, the Company has been informed by ACO I that ACO I does not have plan to change the business objectives of the Company and will maintain current business direction and operation as a producer of various grades of hot rolled coil (HRC). In addition, ACO I does not have plan to change the board of structures of the Company, such as Board of Directors, Audit Committee and Executive Committee and others. Also, ACO I does not have intention to change the organization structure, management or staff members of the Company.

However, if necessary, ACO I, may, together with the Company, consider to have mutual discussion and revision of the business and operation policies, organization structure, human resources, sales and marketing strategy, dividend policy, financial structure or any other necessary change as appropriate under future business operation and industry situation at that time with an objective to enhance the efficiency of the business and ensure growth of the business to create the joint benefit for the Company and shareholder of the Company.

26.1.5.2 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.

## 27 Warrants

The movements of warrants for the year ended 31 December 2019 and 2018 were as follows:

	Offering price per unit  (in Baht)	2019 Unit      Amount (million units / in million Baht)		2018 Unit      Amount (million units / in million Baht)	
<b>Warrants</b>					
At 1 January					
- 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		-	-	-	-
<b>At 31 December</b>					
- Third Warrants (GJS-W3)	<b>0.00</b>	<b>3,674</b>	-	<b>3,674</b>	-
- Fourth Warrants (GJS-W4)	<b>0.00</b>	<b>2,754</b>	-	<b>2,754</b>	-

The Extraordinary Shareholders' Meeting No. 1/2019 which was held on 14 January 2019 had approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W3 and GJS-W4 details are as follow:



27.1 Approved the rights adjustment of GJS-W3 Warrant and GJS-W4 Warrant according to the rate and price of rights adjustment are as follows:

27.1.1 Adjustment of rights in case there is a change in the par value of the Company's ordinary shares.

	<b>Before adjustment</b>	<b>Adjustment from capital reduction</b>
<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

27.1.2 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.

	<b>Adjustment from capital reduction</b>	<b>Adjustment from issued newly shares to existing shareholders</b>
<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

Detail of warrants as at 31 December 2019 is as follow:

	<u>GJS- W3 (a) and (c)</u>	<u>GJS- W4 (b) and (d)</u>
Exercise ratio (Unit: Share)	1: 0.500	1: 0.500
Price of exercise to one Common Share (Baht)	0.1668	0.1668
The first day of exercise	28 June 2013	28 June 2013
The last day of exercise	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 7 February 2020 third warrants of 3,674 million units there was only 3,000 warrants were exercised and the remaining warrants are canceled by the Stock Exchange of Thailand the following day.

(d) On 11 February 2020 fourth warrants of 2,754 million units there was no warrant holders exercise and it was canceled the following day.

## 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 2019 and 2018 were as follows:

	2019	2018
	(in million Baht)	
<b>Other components</b>		
Cash received from expired warrants		
At 1 January		
- First Warrants (A)	162	162
- Second Warrants (B)	148	148
<b>At 31 December</b>	<b>310</b>	<b>310</b>

(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 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.

On 7 November 2019 and 25 February 2020, the Company’s Board of Directors meeting had approved to adjust and write-off the expired legal prescription of trade account payable of Baht 10 million.

Detail of net gain from write-off the expired legal prescription of liabilities for the year ended 31 December 2019 and 2018 was as follows:

	2019	2018
	(in million Baht)	
Trade accounts payable	17	13
Other payables and accrued expenses	(6)	93
Accrued interest expenses	-	2
Liabilities from terminated rehabilitation plan	-	16
Other current liabilities	-	17
Other current assets	(1)	(5)
Other non-current assets	-	(17)
<b>Net gain from write-off the expired legal prescription of liabilities</b>	<b>10</b>	<b>119</b>

### 30 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.

Revenue and gross profit (loss) based on geographic segment, for the year ended 31 December 2019 and 2018 were as follows:

	For the year ended 31 December	
	2019	2018
	(in million Baht)	
<b>Segment revenue</b>		
Domestic	12,923	28,887
Export	-	1,023
<b>Total</b>	<b>12,923</b>	<b>29,910</b>
<b>Segment result - gross profit (loss)</b>	<b>(632)</b>	<b>282</b>

#### Information about major customers

For the year ended 31 December 2019 and 2018, the Company had revenues from the domestic sale to four and one customers for the total amount of Baht 8,192 million and Baht 4,291 million respectively.

### 31 Selling expenses

	For the year ended 31 December	
	2019	2018
	(in million Baht)	
Packing expenses	4	5
Shipping expenses	170	357
<b>Total</b>	<b>174</b>	<b>362</b>

### 32 Administrative expenses

	<i>Note</i>	For the year ended 31 December	
		2019	2018
		(in million Baht)	
Idle costs - depreciation and amortisation expenses	34	65	52
Depreciation and amortisation expenses	34	39	36
Employee benefit expenses	33, 34	298	279
Professional and consulting fees	34	32	44
Others		109	89
<b>Total</b>		<b>543</b>	<b>500</b>

### 33 Employee benefit expenses

	<i>Note</i>	For the year ended 31 December	
		2019	2018
		(in million Baht)	
<b>Management</b>			
Wages and salaries		27	29
Welfare		3	3
Contribution to provident fund		1	1
	5	<b>31</b>	<b>33</b>
<b>Other employees</b>			
Wages and salaries		405	382
Welfare		155	155
Contribution to provident fund		24	22
		<b>584</b>	<b>559</b>
<b>Total</b>	34	<b>615</b>	<b>592</b>



## Defined benefit plans

Details of the defined benefit plans are given to the financial statements 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.

### 34 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	
		2019	2018
	<i>Note</i>	(in million Baht)	
<b>Included in cost of sales of goods:</b>			
<b>- Cost of goods sold</b>			
Changes in inventories of finished goods			
decrease (increase)	8	786	379
Raw materials and consumables used		9,573	21,831
Tolling service	5	274	3,873
Depreciation and amortisation expenses		731	823
Employee benefit expenses	33	256	283
Utility expenses		1,235	1,559
Natural gas expense	39.2	295	368
Operating lease expense		4	4
<b>- Idle cost</b>			
Depreciation and amortisation expenses		140	81
Employee benefit expenses	33	61	30
Utility expenses		7	1
Natural gas expense		4	-
Operating lease expense		1	1
<b>Included in administrative expenses:</b>			
Depreciation and amortisation expenses	32	104	88
Employee benefit expenses	32, 33	298	279
Professional and consulting fees		32	44
Operating lease expense		8	8
Write off of assets		4	-
Utility expenses		3	3

### 35 Finance costs

		For the year ended 31 December	
		2019	2018
	Note	(in million Baht)	
Finance costs			
- Related party	5	305	440
- Other parties		43	35
<b>Total</b>		<b>348</b>	<b>475</b>

### 36 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 in Note 14 to the financial statements.

The Company used the income tax rate of 20% in the value measurement of deferred tax assets and liabilities as at 31 December 2019 and 2018.

### 37 Earnings (loss) per share

#### Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the year ended 31 December 2019 and 2018 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 periods as follows:

		2019	2018
	Note	(in million Baht / million shares)	
<b>Profit (loss) for the year attributable to ordinary shareholders of the Company</b>		<b>(1,353)</b>	<b>(836)</b>
Number of ordinary shares outstanding at 1 January		13,928	13,928
Effect of issuance of new shares	26	7,695	-
<b>Weighted average number of ordinary shares outstanding</b>		<b>21,623</b>	<b>13,928</b>
<b>Basic earnings (loss) per share (in Baht)</b>		<b>(0.063)</b>	<b>(0.060)</b>

The Company has restated the weighted average number of ordinary shares used in computation of the earning (loss) per share for the year ended 31 December 2019 and 2018 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.

### 38 Financial instruments

As at 31 December 2019 and 2018, 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 2019 and 2018 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
<b>2019</b>						
Financial assets :						
Cash and cash equivalents	6	0.37 - 0.50	424	-	-	424
Restricted deposits at financial institutions	15	1.375 - 1.65	46	-	-	46
<b>Total</b>			<b>470</b>	<b>-</b>	<b>-</b>	<b>470</b>
Financial liabilities :	16					
Trade accounts payable (with interest - bearing)		5 - 8	171	-	-	171
Other payable and accrued expenses (with interest - bearing)		5 - 8	109	-	-	109
Liabilities from terminated rehabilitation plan		7.5	170	-	-	170
Financial lease obligations		5.28	-	1	-	1
Loan from related party		12	-	1,062	-	1,062
<b>Total</b>			<b>450</b>	<b>1,063</b>	<b>-</b>	<b>1,513</b>

	Note	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2018</b>						
Financial assets :						
Cash and cash equivalents	6	0.37 - 0.50	201	-	-	201
Restricted deposits at financial institutions	15	1.375	1	-	-	1
<b>Total</b>			<b>202</b>	<b>-</b>	<b>-</b>	<b>202</b>
Financial liabilities :	16					
Trade accounts payable (with interest - bearing)		3 - 8	1,385	-	-	1,385
Other payable and accrued expenses (with interest bearing)		7.5	13	-	-	13
Liabilities from terminated rehabilitation plan		7.5	180	-	-	180
Financial lease obligations		5.28	-	2	-	2
Loan from related party		12	1,239	1,118	-	2,357
<b>Total</b>			<b>2,817</b>	<b>1,120</b>	<b>-</b>	<b>3,937</b>

### 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 2019 and 2018, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	2019 (in million Baht)	2018
<b>United States Dollars</b>			
Cash and cash equivalents	6	13	4
Trade accounts payable	19	(227)	(970)
Other payables and accrued expenses	20	(20)	(72)
Accrued interest expenses	21	(79)	(81)
Other current liabilities	22	(9)	(10)
Liabilities from terminated rehabilitation plan	23	(84)	(90)
Loan from related party	17	(1,062)	(2,381)
<b>Gross exposure in statement of financial position</b>		<b>(1,468)</b>	<b>(3,600)</b>
Estimated forecast purchases		(976)	(1,192)
<b>Gross exposure</b>		<b>(2,444)</b>	<b>(4,792)</b>



		2019	2018
	<i>Note</i>	(in million Baht)	
<b>Euro</b>			
Trade accounts payable	19	(14)	-
Other payables and accrued expenses	20	(3)	(11)
Accrued interest expenses	21	(5)	(4)
Other current liabilities	22	(2)	(2)
Liabilities from termination rehabilitation plan	23	(8)	(8)
<b>Gross exposure in statement of financial position</b>		<b>(32)</b>	<b>(25)</b>
Estimated forecast purchases		(221)	(330)
<b>Gross exposure</b>		<b>(253)</b>	<b>(355)</b>
<b>Singapore Dollars</b>			
Accrued interest expenses	21	(2)	(2)
Liabilities from termination rehabilitation plan	23	(3)	(3)
<b>Gross exposure in statement of financial position</b>		<b>(5)</b>	<b>(5)</b>

### 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 ceased to give credit terms to customers (Refer to the financial statements 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.

## 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.

### 39 Commitments with non-related parties

#### 39.1 Commitments

	As at 31 December	
	2019	2018
	(in million Baht)	
<b>Lease and service agreement commitments</b>		
Within one year	7	6
After one year but no greater than five years	5	4
<b>Total</b>	<b>12</b>	<b>10</b>
<b>Other commitments</b>		
Purchase of assets	109	107
Bank guarantees	170	179
<b>Total</b>	<b>279</b>	<b>286</b>

#### 39.2 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 July 2019, it is extend for another 5 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	
	2019	2018
	(in million Baht)	
<b>Long-term agreement commitments</b>		
Within one year	71	71
After one year but no greater than five years	271	282
After five years	-	59
<b>Total</b>	<b>342</b>	<b>412</b>

- On 20 January 2017, the Company entered into agreement for business advisory and review with the foreign company and since 2<sup>nd</sup> quarter of year 2019, is related party 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 the prior written consent from the lender, or the Company can terminate this agreement with immediate effect if requested by the lender in writing to the Company and the Advisor, or this agreement can be terminated upon the discharge of all the obligations of the Company under the Credit Agreement to be satisfaction of the lender. Later on 8 January 2020, the Company has made an agreement of termination of the business advisory and review agreement to the lender and business advisory company which will be effective on 1 January 2020 onwards. The agreement is currently waiting signing by the business advisory company and lender.
- On 1 May 2018, the Company entered into a service agreement for the transportation in the country from the company's factory to deliver products to customers, with two domestic companies, in a term of agreement for 3 years starting from May 2018, whereby the freight charge will be paid as specified in the contract

Service fee from such agreements for the year ended 31 December 2019 and 2018 in the amount of Baht 152 million and Baht 187 million, respectively, which have been included in the income statement.

- On 1 August 2018, the Company entered into agreement for slag waste management service arising which resulting from steelmaking and casting to recover ferrous scrap with the local company with term of agreement for 7 years commencing from August 2018 and shall be automatically renewed for further periods of one year unless written notice of its intention not to renew this agreement at least 6 months prior to the expiry of this agreement which must pay the waste management service fee as specified in the contract.

Slag waste management services from such agreement for the year ended 31 December 2019 and 2018 in amount of Baht 73 million and Baht 48 million was included in the statement of income.

### **39.3 Raw material purchase orders**

As at 31 December 2019, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totalling Baht 819 million (31 December 2018: Baht 1,333 million). The Company has recorded the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered amount of Baht 19 million (31 December 2018: Baht 41 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, there was loss to be recognized in the statement of income for the year ended 31 December 2018 amount of Baht 41 million and loss amount of Baht 22 million had been reversed in the statement of income for the year ended 31 December 2019 (Refer to the financial statements in Note 24).

As at 31 December 2019, 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 (31 December 2018: 3 - 6% per annum).

### **39.4 Customer advances**

As of 31 December 2019, the Company had received advances from customers totaling Baht 20 million (31 December 2018: Baht 33 million) and had the obligation to deliver goods to the customers in the future.

### **39.5 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 Litigation**

- 40.1 One supplier filed a complaint against the Company for breach of the rehabilitation plan, 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.
- 40.2 A former employee filed a complaint to the Central Labour Court against the Company for the unfair lay-off effective from 10 December 2019 and requested the Company to pay him Baht 23 million. The Court ordered the appointment of the defendant's witness examination and the plaintiff witness on 1 and 2 April 2020, respectively.

## **41 Credit facilities for operation**

- 41.1 Presently the Company get collaboration from various raw material suppliers 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.

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.



41.2 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 of 31 December 2018, the Company utilized the bank guarantee in amounting of Baht 145 million.

On 13 August 2019, G Steel settled the matter with the bank and on 20 August 2019, the bank released mortgage obligation which the Company has already redeemed with the Department of Industrial Works on 24 September 2019.

41.3 The Board of Directors meeting has resolved as follows:

On 6 January 2017 had approved the Company to enter into a long-term loan agreements in the facility 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.

On 6 November 2017 had approved the Company to enter the loan agreements in the period not over 2 years which revised the existing facilities loan from original contract to the total loan facility not exceeding USD 121 million in the purpose of increasing working capital for operation and purchasing of raw material, and increasing the capacity of the Company.

On 26 February 2019 had approved the Company to enter into additional short-term loan agreement of USD 20 million which the total loan facility not exceeding USD 141 million in the purpose of working capital.

On 29 April 2019 had approved to ratify for entering the additional loan agreement which the total loan facility not exceeding USD 145 million.

Currently the Company has total facilities loan in amount of USD 75 million which consisted of:

	USD million
The first loan facility	30
The second loan facility	45
<b>Total</b>	<b>75</b>

Details of credit facilities in accordance with the above meeting resolution can be summarized details as follows:

41.3.1 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) 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.

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.

Presently the first loan facility has the outstanding loan of USD 30 million.

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 had an additional the purpose of draw down as described in Note 41.3.2. Moreover, as described in Note 41.3.1.1 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.

On 1 April 2019, the Company has entered the amendment loan agreements by increasing the second loan facility of another USD 4 million for the purpose of as a guarantee of Standby Letter of Credit for bank guarantee to Provincial Electricity Authority of Thailand from a local bank. Then on 29 April 2019, the Company's Board of Directors meeting had approved to ratify for such amendment loan agreements.

At 31 December 2019, the Company has drawdown the second loan facility in the purpose of Non-Tolling Standby Letter of Credit and Metallics Purchase Contract of USD 13.1 million and utilized the bank guarantee for Provincial Electricity Authority of Thailand of USD 4.7 million.

- 41.3.2 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 41.3.1 to revise the total loan facility not exceeding USD 121 million by applied the same collateral as mentioned in Note 41.3.1 with the followings:

1. Second loan facility reduced to USD 25 million (and later as mentioned in Note 41.3.2.3 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. During in year 2018 until 24 July 2019, the Company has fully repaid the third loan facility and has completely repaid credit facility of Tolling Standby Letter of Credit.
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 fourth loan facility was fully repaid on 9 March 2018, as a result the fourth loan facility had been closed and divert to the second loan facility.

- 41.3.3 On 26 February 2019, the Company's Board of Directors meeting had approved for entering the additional loan agreements (Fifth loan facility) of USD 20 million for the purpose of repayment of liabilities under Standby Letter of Credit and working capital, interest rate 12% p.a. and full repayment is schedule in 3 months. On 28 February 2019, the Company had drawdown the loan of USD 20 million.

Later, on 7 and 10 May 2019, the Company has repaid the principle loan of fifth loan facility in full amount.

## **42 Events after the reporting period**

On 8 January 2020, the Company has made an agreement of termination of the business advisory and review agreement to the lender and business advisory company as described in Note 39.2 to the financial statements, which will be effective on 1 January 2020 onwards. The agreement is currently waiting signing by the business advisory company and lender.



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