



ANNUAL REPORT 2019

รายงานประจำปี 2562

High Quality Steel Service Center



บริษัท ซีเอสพี สตีลเซ็นเตอร์ จำกัด (มหาชน)
CSP STEEL CENTER PUBLIC CO., LTD.



Rear Inner Fender(L&R)

Garnish molding

Roof Rail

Sprash Shield

Rear Tray

Rr. Bumper

Enclosure(L&R)

Inner fender

Air duct parts

Rear Rad Roof(L&R)

AVAILABLE IN SHEET & COIL

- HOT ROLLED STEEL SHEET
- HOT ROLLED STEEL SHEET, PICKLED & OILED
- COLD ROLLED STEEL SHEET
- ELECTRO GALVANIZED STEEL SHEET
- HOT DIP AL ZN ALLOY COATED STEEL SHEET
- ERW TUBES & PIPES
- ALL STRUCTURES STEEL
- STAINLESS STEEL SHEET
- GALVANNEALED STEEL SHEET
- HOT DIP GALVANIZED STEEL SHEET



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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

In Q4/2019, Thailand's GDP growth rate was 1.6% which was the lowest Q4 of these 5 years. Because of low private consumption and investment, decreasing of government spending and exporting goods and services which effect Thailand's GDP growth rate to be only 2.4% in 2019, comparing with 4.1% in 2018. As a result, Thailand's steel consumption was 18.47 million metric tons in 2019, which was decreased by 4.5% when compared with 2018's.

Considering financial statements in the year 2019 of CSP Steel Center Public Company Limited, Our total revenue was approximate THB 2,785 million which had been increased by THB 105 million or approximate 3.95% and our sales volume was increased by 12.88% or 14,644 metric tons. On the other hand, our unit selling prices was down by 8.68%. In 2019, the world economy has got major impact from the trade war between USA and China which seriously impacted for dropping prices of steel prices. In addition, USA has announced section 232 which has sharply added the import duties of many steel goods for importing to USA. Those 2 major reasons were directly effect to drop the steel prices all over the world, including the steel prices in Thailand. Regarding our company normal practice has to keep inventory for 2-3 months for supporting to our customers. Once the steel was dropped by market situation, we have to sell at lower prices to follow the market trend. For many negative impacts, therefore the company gained net loss of THB 127.45 million.

As a Chairman of CSP Steel Center Public Company Limited, I considered that the financial performance of the company in 2019 was very disappointed in term of profit. I seriously commented to our management team to adjust our business plan in 2020; in order to turn up our financial performance to make profit again. All the active marketing strategy, risk management, investment policy shall be applied to improve our sales volume and profitability according to our annual business plan. Moreover, I am confident that the current management team still has the ability to lead our company to grow up with sustainable achievement along with the good corporate governance practices as CG Code 2017 for contributing the maximum benefit to the company and shareholders. Finally, I would like to thank all dear customers and business partners who continuously support our business, the management team and all staffs for contributing their efforts to the growth of the company: to "Keep Growing Together".



Mr. Supachai Chaisupat

Chairman

THE MANAGEMENT TEAM



(Ordered from left to right)

- | | |
|-----------------------------|--|
| 1) Ms. Wunthakarn Junthacot | Executive Vice President in Human Resources |
| 2) Mr. Kritsada Chaisupat | Director / Director and Executive Vice President in General Management |
| 3) Mr. Weerasak Chaisupat | Director / Managing Director |
| 4) Mr. Supachai Chaisupat | Chairman / CEO |
| 5) Mrs. Suwimon Chaisupat | Executive Vice President in Finance and Accounting |
| 6) Mrs. Piyarat Sawatdee | Executive Vice President in Sales and Marketing |
| 7) Mr. Mana Srivikanon | Accounting Manager / Corporate Secretary |

Remark : For more information of each executive's resume, please consider in the part : "Resume of Directors and Management" which located at the end of the Annual Report.

REPORT OF THE INDEPENDENT DIRECTOR / AUDIT COMMITTEE

The Audit Committee of CSP Steel Center Public Company Limited is comprised of 3 independent directors who have performed their duties by pursuing the regulations which set by the Stock Exchange of Thailand.

For the fiscal year 2019, the audit committee held 4 meetings to review the company's financial statement for every quarter-end 2019, including evaluate accounting policies and procedures relative to the accounting policies, perform the internal control assessment, conform to the Code of Business Conduct and The Principles of Good Corporate Governance of the company, and finally, provide all assessments and recommendations to the board of directors. Regarding, the related parties' transactions between companies and person in management team during the year 2019, revenues from sales increased when comparing with the year 2018. Those transactions show normal practices of business transaction which could be compared with other non-related parties. Moreover, the independent internal auditing company has audited all working papers and systems. All the internal auditing report must usually be presented to the Audit Committee. Considering the report showed that the company has the proper internal control system and it's up to date to the real business world. Last but not least, after the board of directors kept overseeing all practices of everyone in the company according to the Code of Business Conduct and The Principles of Good Corporate Governance of the company, the board found that they can precisely conform to the both of them in general.



(Mr. Charus Khanchanakhajit)

**Chairman of the Independent
Director / Audit Committee**

As the audit committee's comment, the company has an intention to reach a business success along with performing the good governance. Also, both independent internal auditor and the approval auditor have audited the internal system and the financial statement by pursuing the laws and regulations of public company. Besides, all disclosed information has been presented to the shareholders and the public within the right time. With overall mentions, the internal system, the fiscal reports and good governance of the company have been accepted and accurate by laws and regulations of the Stock Exchange of Thailand.

CORPORATE PROFILE

History and Background

CSP Steel Center Plc was established on February 17, 1992 with initial capital of 5 million baht under the name of CSP Trading Co. Ltd. At the beginning state, CSP was just a trading company for buying and selling steel coils, after we have started to invest in one cutting machine that was the first step of development. Every step with confidence, we have developed to be quality steel service center by investing a sufficiency machine. We are not only providing a cold rolled steel sheet in coil, hot rolled steel sheet in coil and coated steel sheet in coil, but also cutting all types of steel coil into a various size according to customers' order which are used as raw materials of their production in automotive industry, electric appliance industry, steel furniture industry, general industry etc.

In 2005, CSP has developed into other step by starting to invest steel piping machine for automotive industry and other industries. Due to the growth of automotive industry in Thailand, we see a great opportunity to expand our business line for producing steel pipe. Therefore CSP has imported a sufficiency piping machine for producing cold rolled steel pipe. In October 2005, CSP has operated a steel piping machine and sold a new cold rolled steel pipes into market. And in 2014, CSP expanded its pipe product line which was the hot rolled steel pipes in order to serve more demand of automotive industry.

History and major developing state of CSP are as the following:

1992 -	On February, 17, established CSP Trading co., Ltd. with initial capital of Baht 5 million; in order to operate steel service center.
	On October 1, increased register capital to Baht 20 million for operating function.
1995 -	On July 13, increased register capital to Baht 50 million for buying land and expanding factory.
2000 -	On June 14, increased register capital to Baht 200 million for buying new machines and expanding factory.
	Received TIS 528-2540 license for import and cutting hot rolled steel by Thai Industrial Standard Institution.
2002 -	Received ISO 9001:2000 certificate by Bureau Veritas Quality International.

2004 -	On December 30, increased register capital from Baht 200 million to Baht 400 million by issuing common stock 2 million stocks at par value Baht 100 per share to Chaisupat Company for payment of purchasing inventories and machines.
	Due to Chaisupat Company stopped for doing steel business and sold all machines to CSP at price 59.58 million baht which was the same rate as an independent property appraisal company. CSP's production capacity have increased from 99,600 to 163,800 mt. per year.
2005 -	On July 26, registered to be the public company limited with the first registered capital Baht 400 million. Then, changed par value of common stock from Baht 100 to Baht 1 per share. Also, the company name: CSP Trading Co., Ltd. has been changed to CSP Steel Center Public Co., Ltd.
	On August 19, increased register capital from Baht 400 million to Baht 500 million; in order to, be listed in The Stock Exchange of Thailand (SET).
	On December 22, common stocks of CSP started the first trade in The Stock Exchange of Thailand (SET).
2006 -	On September 22, increased register capital to Baht 625 million by issuing new common shares 125 million units for supporting conversion of warrants.
2013 -	On February 6, decreased its registered and paid-up capital by writing off the outstanding 3,833,700 shares of the treasury stocks of Baht 1 par value each which is 0.7667 percentage of paid-up capital before writing off. After decreasing capital, the company had registered and paid-up capital in amount of Baht 496,166,300 which described as 496,166,300 shares with Baht 1 par value each.
	On December 12, the company has increased its registered and paid-up capital from Baht 496,166,300.00 to Baht 496,168,826.00 by increasing paid-up shares capital 2,526 shares of Baht 1 par value each, totaling Baht 2,526 as the numbers of exercised warrants (CSP-W1): 2,526 units. (exercising rate: 1 unit per 1 new common stock, Baht 1 par value each)
2017 -	Expanding certificated scope of ISO 9001:2015 certificate by Bureau Veritas Quality International to cover overall processes of the organization.

2018 -	In the process of building 4 new warehouses (existing 12 warehouses). Expected to be completed and would start run the operation during the middle of year 2019.
2019 -	Start to run 4 new warehouses, installing a new Slitting Machine into it and improving a Plier system of existing Cutting Machines.

Since the company was founded, CSP has been kept investing in lands, buildings and equipment, including fixing, maintaining, developing all equipment and machines to maintain/enhance their efficiency for supporting expanding operations, creating commercial opportunities and developing company's potential to be accepted among the customers.

Strategic Policy of the Company

Vision:

“We aim to be the one-stop service of high quality steel service center that satisfies the customer's needs of various industries and to be a significant source who provides high quality steel material to such customers in order to enhance their competitive advantages regarding competition as domestic level, ASEAN level and global level. All these contributions are conducted to achieve the main purpose of sustainable growth together among the company, customers, trading partners and the nation.”

Mission:

“We concentrate on operating as a professional steel service center that satisfies our customers with high quality steel products and services, punctual delivery and always keep improving and developing such quality with strategically focusing on Value-Added Products and Services to meet the customer's needs of various industries , along with Ethical Business Operation relating to all stakeholders for the sustainable growth.”



The Business Objective of the Company within 5 years is

“A Leader of the One-Stop Service of High Quality Cold

Rolled Steel Service Center with yearly sales revenue at least Baht 5 thousand millions and profit margin at 5% through a strategy of focusing on engineering ability to process the quality steel for achieving the customer’s needs of various industries. So, it can

Build the Long-Term Profitability to the Organization”

Name and Address of Company Office

Name	CSP Steel Center Public Co., Ltd.
Stock Code	CSP
Type of Business	Steel Service Center by providing and cutting cold rolled steel, hot rolled steel and coated steel in both plate and coil types. Also, producing cold / hot rolled steel pipe.
Head Office Address	No. 475 Rama 3 Road, Bangklo, Bangkulaem, Bangkok 10120
Factory Address	No. 227 Soi Suksawad 78, Suksawad Road, Nai Klong Bangplakot, Phra Samut Jedi, Samut Prakarn 10290
Register No.	0107548000544
Home Page	www.cspsteel.com
Email	info@cspsteel.com , ir@cspsteel.com
Head Office	Tel. 0-2291-6314-21 for English press ‘9’ Fax 0-2291-3828
Factory	Tel. 0-2817-7727-28 Fax 0-2817-7729
Registered Capital	in amount of THB 621,166,300 with THB 1 par value each.
Issued and	in amount of THB 496,168,826 with THB 1 par value each.
Paid-Up Capital	



Investor Relations	Ms. Supapatcha Sansuk 02-291-6318 ext. 501 or E-mail : ir@cspsteel.com
Independent/ Audit Committee	02-689-0801
Corporate Secretary	Mr. Mana Srivikanon 02-291-6314 ext. 212 or E-mail : mana.sri@cspsteel.com

Referred Parties

Share Register	Thailand Securities Depository (Thailand) Co., Ltd. 1 Flr. The Stock Exchange of Thailand Building, Tower B (Next to China Embassy Bangkok) 93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10440 Call Center 0-2009-9999
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Auditor (2019)	1. Ms. Susan Eiamvanicha CPA No. 4306 and/or
	2. Mr. Suchart Panitcharoean CPA No. 4475 and/or
	3. Ms. Cheurnta Chommern CPA No. 7570 and/or
	4. Ms. Wandee Eiamvanicha CPA No. 8210 and/or
	5. Mr. Kiatisak Vanithanont CPA No. 9922

SP AUDIT Co., Ltd.

503/21 12th Floor, K.S.L. Tower, Sriyudhya Road, Ratchatewi District,
Bangkok 10400
Tel. 0-2642-6172-4
Fax. 0-2642-6253

Remark: For more information about Corporate Profile of the company, shown in Form 56-1 at www.sec.or.th or website of the company: www.cspsteel.com

FINANCIAL HIGHLIGHTS

Financial Ratio of CSP Steel Center Public Company Limited

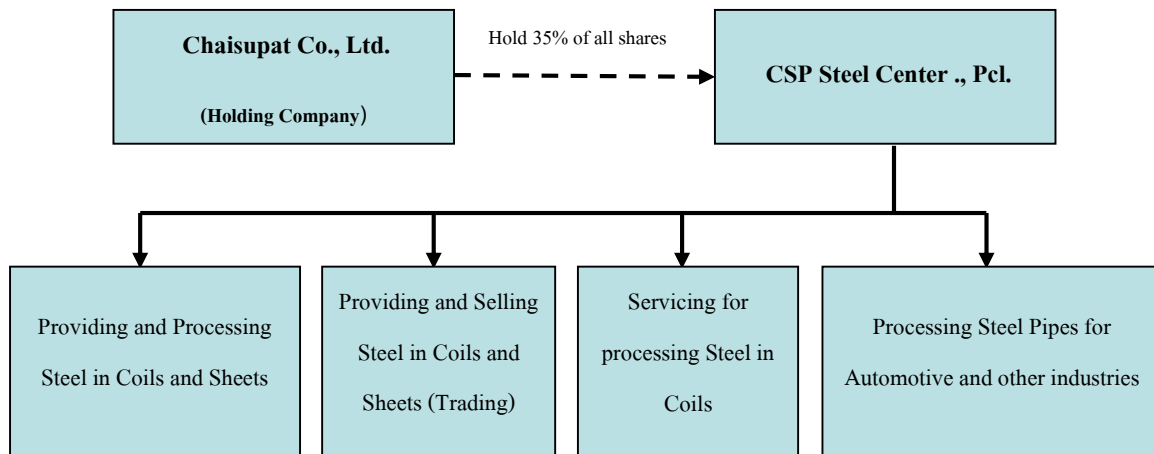
Financial Ratio of the Company	2019	2018	2017	2016	2015
LIQUIDITY RATIO					
Current Ratio (Times)	0.92	0.98	1.02	1.15	1.06
Quick Ratio (Times)	0.28	0.36	0.41	0.49	0.39
Operating Cash Flow to Average Current Liabilities	(0.10)	0.01	(0.03)	0.39	0.10
Receivable Turnover (Times)	5.00	4.47	6.19	5.20	4.14
Average Collection Period (Days)	73.03	81.62	58.00	69.00	88.00
Inventory Turnover Ratio (Times)	2.56	2.79	3.03	2.47	2.22
Average Sales Period (Days)	142.61	130.88	119.00	145.00	164.00
Account Payable Turnover (Times)	31.19	33.97	26.28	22.10	37.91
Average Payment Period (Days)	11.70	10.75	14.00	16.00	10.00
Cash Cycle (Days)	203.94	201.75	163.00	208.00	242.00
PROFITABILITY RATIO					
Gross Profit Margin (%)	1.14	5.63	9.21	10.07	(1.03)
Operating Profit Margin (%)	(2.78)	1.02	(2.25)	4.38	(4.83)
Net Profit Margin (%)	(4.62)	(0.41)	(2.23)	4.24	(6.68)
Return on Equity (%)	(26.61)	(1.82)	(9.47)	17.26	(28.92)
EFFICIENCY RATIO					
Return on Assets (%)	(5.53)	(0.51)	(3.11)	5.35	(7.77)
Return on Fixed Assets (%)	(19.72)	(1.70)	(6.30)	24.95	(31.84)
Assets Turnover (Times)	1.20	1.24	1.39	1.26	1.11
FINANCIAL RATIO					
Debt to Equity Ratio (Times)	3.82	2.56	2.32	1.81	2.72
Times Interest Earned (Times)	(1.56)	0.72	(0.13)	5.26	(2.60)
Times Payment Obligation (Times)	(0.10)	0.01	1.08	0.97	0.80
Dividend Pay-out (%)	-	-	42.93	-	-
OTHER RATIO					
Basic Earnings(Loss) Per Share (Baht)**	(0.25)	(0.02)	(0.12)	0.23	(0.36)
Book Value Per Share (Baht)	0.97	1.22	1.24	1.47	1.23

Note : ** Basic earnings(Loss) per share and book value per share calculate by par value of ordinary shares 1 Baht for comparison

BUSINESS OPERATIONS OF THE COMPANY

Type of Business

CSP Steel Center ., Pcl. has “Chaisupat Co., Ltd.” as a major shareholder with approximate 35% of all shareholders. CSP Steel Center ., Pcl. is the high quality steel service center, providing steel coil and processing steel coil into customers’ size which are used as raw materials by many industrials. CSP has been approved TIS 528-2548, TIS 1479-2558, TIS 1735-2542, TIS 2012-2558 and TIS 2223-2558 licenses for import and cutting hot rolled steel by Thai Industrial Standard Institution and has also been certified ISO 9001 by Bureau Veritas Quality International. In 2006, CSP expanded business line by producing cold rolled steel pipes and in 2014, expanded line to hot rolled steel pipes for supporting booming of automotive industry.



The company has a head quarter at 475 Rama3 Road, Bangkok, Bangkoklaem, Bangkok 10120 and has own factory at No. 227 Soi Suksawad 78, Suksawad Road, Nai KlongBangprakod, Phra Samut Jedi, Samut Prakarn 10290. In year 2019, the factory has total steel sheets processing capacity of 248,624 Mt./year and total capacity of cold/hot rolled steel pipes is 24,000 Mt./year which the utilization of such capacity is around 74 percent.

Structure of Revenue

The revenue of the company for latest 5 years at the end of December 31, 2015-2019 are as follows:

Revenue by product line	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
	Mill. BHT	%	Mill. BHT	%	Mill. BHT	%	Mill. BHT	%	Mill. BHT	%
· Providing and Processing Steel Coils	1,656.96	62.51	1,734.11	63.59	2,121.97	74.45	2,240.52	78.61	2,220.85	77.92
· Providing and Selling Steel Coils (Trading)	819.53	30.92	831.53	30.49	514.24	18.04	198.28	6.96	272.96	9.58
· Steel Pipes	131.79	4.97	139.33	5.11	186.40	6.54	238.52	8.37	265.59	9.32
· Structural Steel	18.00	0.68	7.36	0.27	11.77	0.41	-	-	0.53	0.02
· Project Work	18.70	0.71	14.02	0.51	10.95	0.38	0.05	0.00	-	-
· Servicing of Processing Steel	0.81	0.03	0.65	0.02	0.01	0.00	0.07	0.00	0.03	0.00
· Others*	4.83	0.18	0.16	0.01	4.71	0.17	1.80	0.06	25.21	0.88
Total Revenue	2,650.62	100.00	2,727.16	100.00	2,850.05	100.00	2,679.24	94.01	2,785.17	97.72
Changes of Revenue / Percent	(1,215.71)	(31.44)	76.54	2.89	122.89	4.51	(170.81)	(5.99)	105.93	3.95

* Other Revenues: sale of interest revenue, freight, gain from disposal assets and profit of foreign currency exchange rate.

Types of Product

The company's product and service types are classified into two categories

1) Steel Service Center

CSP provide all types of steel sheet with various sizes for customers by selling steel sheet as master coil, cutting sheet, slitting coil and tolling for processing steel, which all products are certified by TIS licensing: legal importer license (for importing coils), TIS certified label from certified domestic manufacturers, certified cutting sheets license, certified slitting sheets license, so all customers and consumers can trust the quality and legal accuracy of every company's products. The Steel Service Center of the company can be divided into 3 categories as the following:

1.1 Processing steel sheet for sales

It's the main operation category of the company. The company provides steel coils and serve steel sheet cutting service by using computerize shearing machines, to provide customers

with a reliable and efficient steel cutting service. Currently, the company has 3 categories of steel cutting machine: slitting machines, cutting machines from coil and shearing machines with total production capacity of 248,624 tons per year. The company divided the product into two groups as follows:-

Slitting to order

Steel coil cutting using slitting machine which enabling to cut steel coil vertically to customer's specification (Width) and recoil it back again.

Cutting to order

Steel coil cutting using cutting machine which enabling to cut steel coil for customer's order and specification before passing it on to steel shearing machine (If small size is required)

1.2 Trading of steel coil

Trading of all types of steel coil both local and imported provide to Thai manufacturers' need, by keeping in stock and delivery on customer schedule.

1.3 Providing cutting services

Cutting steel sheet, slitting steel coil and shearing steel sheet follow customer's specifications for tolling services. Customer is responsible for providing steel coil.

The steel sheet in coils is raw materials which are used for processing and selling, can be divided into 3 types as following:

1. Cold rolled steel sheet in coil

By using a hot rolled steel coil, is pickled for cleaning a surface and passed to cold rolled mill for reducing a thickness. Annealing furnace is used to make a soft cold rolled steel which are suitable for forming and drawing. The company is able to cut a cold rolled steel processing with thickness 0.2-3.2 mm.

2. Hot rolled steel sheet in coil

From the steelmaking process come out a slab which is reheated and rolled to reduce a thickness, that are the hot rolling process to be a hot rolled steel. The normal hot rolled steel and

hot rolled pickled and oiled steel can be processed with a thickness of 1.0-12 mm. by our machines.

3. Coated steel sheet in coil

The cold rolled steel is used for coating into 2 difference types of coating system which become the Electro galvanized steel and the Hot dipped galvanized steel with a thickness of 0.3-2.3 mm.

2) Cold rolled steel pipe and Hot rolled steel pipe

CSP began the production of cold rolled steel pipe in 2005 and hot rolled steel pipe in 2014, main customers are manufacturers in wide arrays of industry including automobile, furniture and other related industries. The cold / hot steel round pipe has a diameter of 0.375 – 3.50 inches, square/rectangular pipe has width of 0.50 – 4.00 inches, with the standardized length is 6 meters or customized cutting length as requested - maximum length is 8 meters. The company also received the non- compulsory license of producing tubes/pipes from TIS, so they are also trusty and qualified as other products.

The total current capacity is 24,000 Mt./year with focusing on made-to-order steel pipes to various customers.

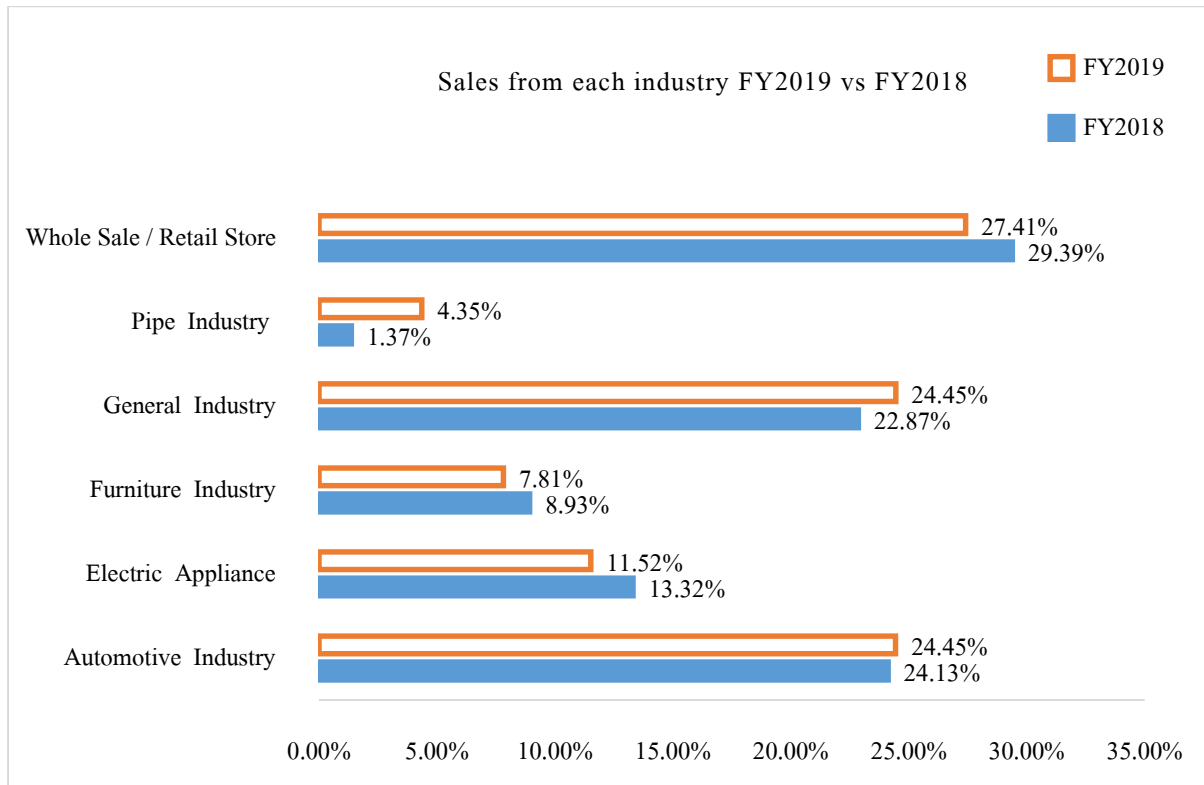
In 2019, all sales revenue derived from domestic customers and all of the steel coils, steel sheets and steel pipes are not only sold to a steel wholesale and retail store, but also used as a raw material in many industries. The company's revenue from each customer is not more than 10% of total revenue, so the company would not be too much depending on any industry.

Those industries who use the company's steel as their raw material for production line are as follows:

- Automotive Industry: our Hot/Cold-Rolled Steel Pipes are materials as automobile parts; for example, Automobile Body Structure, pickup's trunk, Outside Body of Automobiles, Doors of Automobiles, and other Auto-Parts of cars and motorcycles, etc.
- Steel Furniture Industry: our Cold-Rolled Steel Pipes are materials as Steel Furniture's parts; for example, legs of table, legs of chairs, partition. Also, our steel sheets are materials of surface of furniture; for example, cabinet, locker, closet, rack, and vault, etc.

- Home and Electric Appliance Industry: our Steel Sheets are materials as Home and Electric Appliances' parts; for example, Washing Machine, Air-Conditioner, Refrigerator, Oven and Control Panel, etc.
- General Usage Industries: our Cold Steel Sheets are materials as a part of large containers; for example, boilers, cistern, and tanks, etc. Also, other Industries use our steel sheets as a part of an engineering structure and surface of various products, etc.
- Structure and Construction Industry: our various types of Construction Steel are materials as steel structure for every kind of construction projects.

Summary of Revenue from sales and percentage's sales amount in business unit.



RISK FACTORS AND RISKS MANAGEMENT

1. Risk Factors and Business Risks Management

1.1 Risk of Steel Price

Approximate 95.88% of cost of sales is the steel's prices, which is changed by supply and demand of domestic and import steel, following the international's steel prices. The demand of using steel is depended on the growth of Thai economy and world economy, because a hot rolled steel and cold rolled steel are used as raw material for production in automotive industry, steel furniture industry, electric appliance industry, construction industry etc. The supply of steel is depended on a domestic production and import steel. Out of demand and supply factors, the government's laws and regulations are an import duty and extra duty (anti- dumping price) for some countries, which effect to steel's prices in the market. The company might have risk for getting loss, if the selling prices could not be increased to cover the buying prices.

However, the company is using a steel cost adding margin and expense for controlling a profit margin. Using source of information such as a domestic's demand and supply, international's steel prices are very important to be used for making buying and selling decisions.

1.2 Risk of Limited Suppliers

Cold Rolled Steel Sheet

There are three major cold rolled steel producers in Thailand, Thai Cold Rolled Steel Sheet Plc.(TCRSS), NS-Siam United Steel Co., Ltd. (NS-SUS) and Starcore Co., Ltd. It might have some chance of shortage the cold rolled steel if those three mills could not deliver on time. Therefore the company has the policy for stocking at least two months safety and also imports the cold rolled steel from other countries such as South Korea, etc.

Hot Rolled Steel Sheet

The company mostly purchases the hot rolled steel from three domestic producers which are Sahaviriya Steel Industries Plc.(SSI), G J Steel Plc.(GJS) and G Steel Plc. (GSTEEL). Currently, some of them is facing with financial problem which would impact on decreasing production capacity. As a result, it would increase a risk of material shortage for the company in case of those 3 factories cannot deliver adequate hot rolled steel to the company. However, the company still realizes such risk and relieve it by importing materials from various countries and having more stocking.

Coated Steel Sheet

The coated steel sheet is only 10.88% of the total steel purchasing value in 2019. The company purchases the electro galvanized steel from Thai Coated Steel Sheet Co., Ltd. which is the only one electro galvanized steel producer in Thailand. Therefore it might be a shortage chance which could be imported to protect shortage risk.

However, the company has realized that the shortage steel's risk could be a major effect to the cost of goods sold. Therefore, the two months sales contract in advance and considering import steel with similar quality are used to minimize the shortage risk. All domestic and international steel information have been brought for making a purchasing decision. During the year 2019 and 2018, the company had purchased the steel materials from domestic manufacturers for 55.12% and 86.82% of all materials purchasing consecutively.

1.3 Risk of Law and Regulation

- In year 1999, The Department of Commerce has set up an extra import duty (Anti-Dumping) for hot rolled and non-rolled steel which has been imported from 16 countries: Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak, Romania, Malaysia and China. This regulation was announced to add up import duty 0 – 128.11 percentage of CIF and was renewed for 5 years since May 23, 2015. As a result, the imported steel price has been much higher than the domestic steel price.

- The Department of Commerce has extended an extra import duty (Safeguard) for hot rolled and non-rolled steel regulation in 2017 for 3 years, which started June 7, 2017 to June 6, 2020 with import duty 21.00, 20.87 and 20.74 percentage of CIF consecutively.

- The Department of Commerce has set up an extra import duty (Anti-Dumping) for a cold rolled and non-rolled steel from China, Vietnam and Taiwan. This regulation was announced to add up import duty 0 – 20.11 percentage of CIF.

- The Anti-Dumping and Subsidies Act on Foreign Goods (No. 2) B.E. 2562, which added anti-dumping and evasion measures and announced in the Government Gazette on May 22, 2019, causing importation of certain types of foreign goods to be at risk in relation to the interpretation of whether the goods have evade dumping and subsidies.

Besides, during a fluctuating of steel's prices or a shortage of steel within Thailand. The company consider importing steel from other countries outside the anti-dumping countries and could be maintain a competitive in the market.

Moreover, all import steel has to be examined and approved by Thai Industrial Standards Institute (TISI) before selling to the customers. Its complicate processes and documentation could be an obstacle to the company to comfortably import both hot rolled and cold rolled steel from other countries. However, the company has set up the specific officer to take charge of this related duty to work with the company's QC department and TISI officer. Since this TISI's regulation was issued, the company has been worked well in documentation and communication with TISI without any significant problems.

1.4 Risk of Foreign Currency Exchange Rate

The company will import steel from other countries if we could not purchase in domestic. On the other hand, the imported steel prices add with import duty and other expenses that are cheaper than domestic steel, the company will consider importing steel. U.S. dollar currency is used to conclude in imported contract and is mostly fixed by forward contract for minimizing exchange loss.

2. Risks of Management and Operation

2.1 The major shareholders hold more than 50% of total common stock.

On February 5, 2020, Chaisupat group have held approximate 83.75% of Baht 496,168,826 register capital that could control a major vote to pass all subject in the shareholder meeting; therefore, minority shareholder could be difficult for balancing power with major shareholder's vote.

However, the board of director structure is comprised of 4 types of committee: Board of Directors, Independent Director /Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee which have definite authorities and responsibilities. Importantly, there is 3 Independent Director /Audit Committee who are qualified and professional in analysis of financial statements, accounting and business laws / regulations. Due to such qualifications, the Independent Directors / Audit Committees are able to efficiently inspect the operations and performance of the company with accuracy and transparency. Including, they determine, control and evaluate the company to comply with the good corporate governance as well. Additionally, all related parties transactions will be inspected by them before present to the board of directors of the company with no voting of such related parties. Meanwhile, the Chaisupat Group always made decisions and run the business with responsibilities to overall

shareholders and best results for the company. There are not any situation of Conflict of Interest because they have never managed or operated in any other business relating to the steel industry and never personally influenced in destructive way to the company's benefits.

2.2 Risk of Allowing Credit Term for Customers

Giving a credit term for selling to customer is an important risk which has been carefully controlled. In case of customer could not make payment or postpones, that might affect with the company's cash flow.

The company has seriously considered for giving a credit line, by checking financial statements, background, customer visit reports of sales department, payment record and limitation of credit line for mitigating risk of debt default. Besides, selling to many customers is an efficiency strategy to minimize the risk.

CAPITAL STRUCTURE

Registered Capital 621,166,300 ordinary shares of par THB 1 each

Issued and Paid-Up Capital 496,168,826 ordinary shares of par THB 1 each

Common Stocks

Par Value is THB 1 per share

MAJOR SHAREHOLDERS

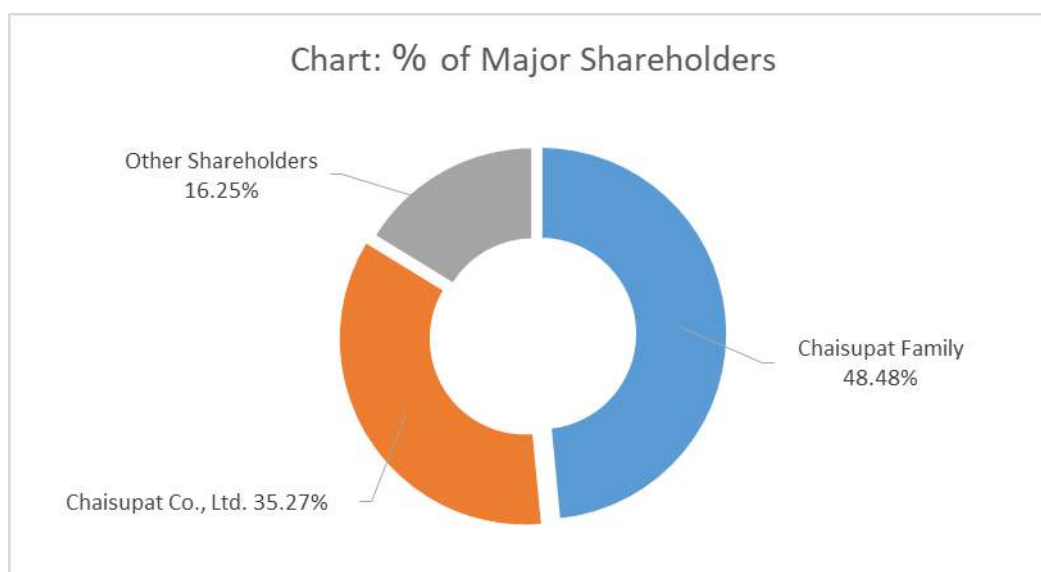
As the company's registered in SET, the company issued and paid-up capital for THB 496,168,826 which 10 major shareholders on February 5, 2020 (Par Value = THB 1 per share) are as follows,

Ranking	Shareholder	Number of shares	Percentage
1.	Chaisupat Family**	415,534,900	83.75
2.	Mr. Vichien Srimuninnimit	8,400,000	1.69
3.	Mrs. Vimornrat Burejittinun	7,380,000	1.49
4.	Mr. Palawad Sattayatom	5,254,700	1.06
5.	Mr. Phongthep Saejung	3,029,900	0.61
6.	Mr. Thanaphon Shupumpaikul	2,596,000	0.52
7.	Mr. Surajit Patipong	1,452,000	0.29
8.	Mr. Saeree Burejittinun	1,358,000	0.27
9.	Mr. Apiroom Panyaphol	1,200,000	0.24
10.	Mr. Roj Limsawad	1,000,000	0.20
Total Major Shareholders		447,205,500	90.12
Other Shareholders		48,963,326	9.88
Total Shareholders		496,168,826	100.00

Remark : **Chaisupat family including Chaisupat Co., Ltd. with registered capital of THB 50 million, owned by Chaisupat family as the following member

Ranking	Shareholders	Number of shares	Percentage
1.	Chaisupat Co., Ltd.	175,000,000	35.270
2.	Mr. Supachai Chaisupat	42,000,000	8.465
3.	Mrs. Orasa Chaisupat	42,000,000	8.465
4.	Mr. Phongsawad Chaisupat	45,893,400	9.250
5.	Ms. Jutamas Chaisupat	36,341,400	7.324
6.	Mr. Weerasak Chaisupat	30,300,000	6.107
7.	Mr. Kritsada Chaisupat	30,000,000	6.046
8.	Mrs. Panthipa Chewthanasoontorn	10,000,000	2.015
9.	Mr. Kasin Chewthanasoontorn	4,000,100	0.806
Total		415,534,900	83.749

Remark: For the details of business operation between such shareholders and the company, please consider at the topic “Related Parties Transactions”



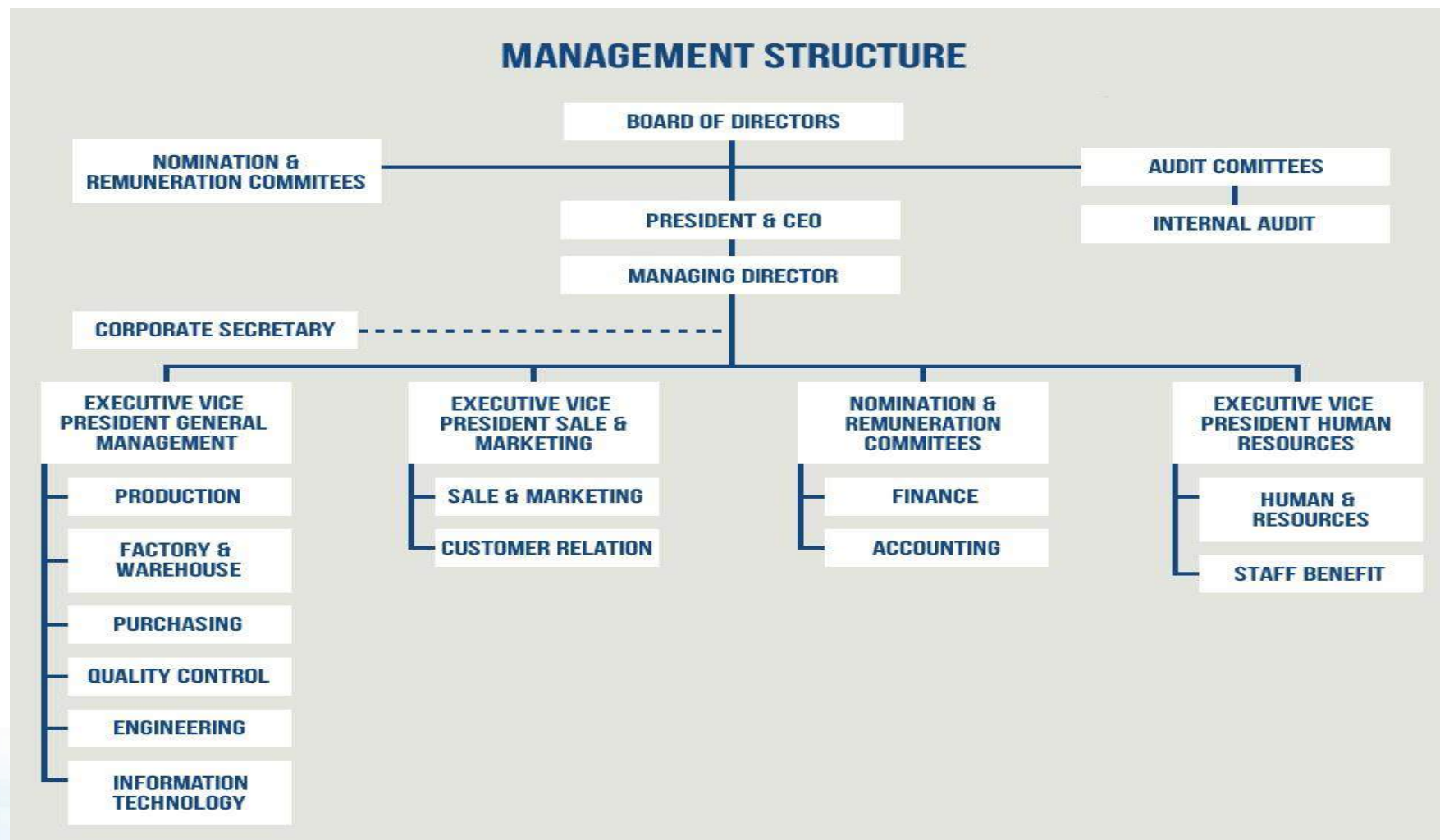
However, Chaisupat Co., Ltd. is a holding company and does not operate any related steel business now or in the near future, excepting CSP steel center ., Pcl. rent its building to run the head office. (For the details, please consider at the topic “Related Parties Transactions”) Thus, there is no any point of Conflict of Interest between them.

Dividend Policy

Dividend policy of the company is at least 50% of Net Profit after Tax. However, it could be less than 50% of Net Profit after Tax if the company strongly need to spend such net profit to invest or develop the business. History of the company's dividend are as follows:

Dividend from financial statements of the year...	Interim Dividend (THB / share)	Annual Dividend (THB / share)	Total Dividend (THB / share)	Dividend Payout Ratio (%)
2019	-	-	-	-
2018	-	-	-	-
2017	-	-	-	-
2016	-	0.10	0.10	41.76
2015	-	-	-	-
2014	-	0.16	0.16	57.14
2013	-	0.13	0.13	81.25

MANAGEMENT STRUCTURE (As of Dec. 31, 2019)



* Remark: The company has a policy to allow internal audit from non-related party to inspect the internal system of the company. From May 2005 to August 2005, the company hired Thammaniti Audit. Since September 2005 until now, the company has hired I.N.J. Audit. (as the detail in section of Internal Audit)

BOARD OF DIRECTORS STRUCTURE

Board of Directors Structure is comprised of 4 types of committee: Board of Directors, Independent Director /Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee (CG Committee). Moreover, there are Top Management and Corporate Secretary who work in administrative department to support Board of directors.

Board of Directors

At present, CSP Steel Center., PCL. has 9 members of the Board of Directors as follows:

Name	Position
1. Mr. Supachai Chaisupat	Chairman of the Board
2. Mr. Weerasak Chaisupat	Director, CG Committee
3. Mr. Kritsada Chaisupat	Director, CG Committee
4. Mrs. Panthipa Chewthanasoontorn	Director
5. Pol. Gen. Vichien Samarnpong	Director
6. Mr. Bunjerd Somsem	Director, Nomination and Remuneration Committee
7. Mr. Charus Khanchanakhajit	Chairman of Independent Director/Audit Committee, Chairman of Nomination and Remuneration Committee
8. Mr. Janram Atthakrisna	Independent Director/Audit Committee, Nomination and Remuneration Committee
9. Mr. Chalermpong Mahavanidvong	Independent Director/Audit Committee, Nomination and Remuneration Committee, Chairman of CG Committee

Authorized Directors on behalf of the Company

The signatures of Mr. Supachai Chaisupat or Mr. Weerasak Chaisupat or Mr. Kritsada Chaisupat are two of these three directors with the Company seal are considered valid authorization for approval.

Authorities and responsibilities of the Board of Directors

According to the 9th /2005 Board of Director's meeting on June 1, 2005, there is a setting of authorities and responsibilities of the Board of Directors.

The authorities and responsibilities are as following

1. Assign, review and follow up the company policy especially in management, financial, funding, financial fund management, all company's risks management, and also corporate governance.
2. Investment consideration, authorize the budget and any investment project for the company. Also manage all projects to follow the company's plan and policy.
3. Oversee the management of the company to reach the highest target. And also plan the way to solve any problems that may occur during doing any projects.
4. Arrange the general data report and the Company's financial report to the shareholder, the beneficent or general investor correctly with update and legally data.
5. Acknowledge all important reports from Audit committee, internal auditor, auditor and company's counselor. And also leads the way to improve when meet the wrong matter.
6. Ensure that the company has an adequate and appropriate internal audit and risk management.
7. Issuing the succession plan for top management level.
8. Assigning Audit committee and approve the duties of Audit committee.
9. Assigning management committee or authorize one or more committees, or other person to be an authorized person. Therefore, the authorized person must be the one who cannot approve anything for any committee who will be the beneficent in any project. **Except that project pass the shareholder's meeting.** However, the committee who possibly is the beneficent for the company or subsidiary will be the one who cannot vote about these matters.
 - Legal matter that must pass the shareholder's meeting
 - Making some transaction by the beneficent committee that might already appears in rules and regulation of the stock market that must pass the shareholder's meeting.
 - Therefore, these following matters must agree by the shareholder's meeting and Board of Director's meeting with the lowest of $\frac{3}{4}$ of all shareholders' vote.
 - Sale or transfer all management of the company or some essential part of it to other person.
 - Accept the purchasing or transferring of other public company, private company to be their company.
 - Doing, improving or canceling any contracts involve with the management renting of the whole company or some essential part of it.

- Assigning other person to control the company or merging with other person on purpose of profit sharing.
- Issuing new stock for paying to the creditor according to the changing debt to investment project.
- Decreasing the registered capital of the company by decreasing the value of stock and the amount of stock.
- Increasing capital, decreasing capital, issuing bond, merging or closing the company.
- Other matters according to laws.

Qualification of director of the company

1. Thai nationality
2. Qualified and non-relate to forbidden criteria according to the Standard features for Directors and Governmental Employees Act 1975, Thai laws referring to registered public company, securities, SET, SEC and any other related laws and regulations.
3. Qualification of knowledge, capabilities, leadership, visionary, ethnicity, morality, excellent work experiences, careful behavior as director, honesty, conformity to laws objectives regulations and resolutions of the AGM. Last but not least, attendance responsibility to the board of directors' meetings.
4. Qualification of important knowledge and appropriate capabilities for the company; for example, strategic management, marketing strategy, information system management, financial /accounting knowledge, legal knowledge and so on.
5. The proposed director nominee(s) **must not take a position of a director more than 4 registered public companies** and non-related to any competitors of the company.
6. Trained and received a certificate by Director's Certification Program from Thai Institute of Directors (IOD)
7. Director of the company does not need to be the company's shareholder.

Authorities and responsibilities of the company's chairman

1. The chairman shall direct and monitor implementation of the company's policy, business strategy and management team's behavior in order to achieve the company's objective and

mission. Also, the chairman shall recommend and support all business activities of management team.

2. The chairman shall call for the meeting of the board of directors and coordinate with managing director to set agenda of the board of directors' meeting and shareholders' meeting. Also, set the standard to ensure that all important matters shall be added into agenda of the meetings.
3. The chairman shall be a president/chairman of the board of directors' meeting and shareholders' meeting to support and allow directors to have opportunities to independently comment in every agenda. Also, direct the board of directors' meeting and shareholders' meeting to successfully proceed through all agenda according to all related laws and regulations within enough time.
4. The chairman shall monitor all managerial implementation of the board of directors and other committees to achieve all determined objectives and core business goals of the company.
5. The chairman shall ensure that all directors participate in ethical organization culture campaign and good corporate governance of the company.
6. The chairman shall be a good coordinator between non-executive directors and executive directors. Also, between the board of directors and management team.
7. The chairman has a right to make a final decision for voting in case of equal result of voting in the board of directors' meeting.

Because the chairman of the board is Mr. Supachai Chaisupat who is CEO/President of the company as well (chairman is not an independent director), so could be considered that the chairman person cannot be clearly separated from the president person. According to CG Code 2017, the board of directors agreed to assign Mr. Charus Khanchanakhajit, the chairman of independent committee and Mr. Janram Atthakrisna, independent committee to participate in determining agenda of every board of directors' meeting; in order to, maintain the authority balance between management team and the board of directors of the company.

The Meeting of the Board of Directors

The Board of Directors and the Audit Committee convened the meeting regularly not only in every 3 months for considering quarterly financial report, but also in total numbers of meeting at least 6 meetings per year. Also, Audit Committee shall have a meeting for at least every 3 month within 1

year. They will be informed with all necessary documents at least 5 days in advance before the meeting day for allowing them to consider all information thoroughly. Moreover, the company assigns a corporate secretary to cooperate and take responsibility of Board's activities, record all Board's meeting minutes, including filing all information in a proper way. According to meeting record of the company in 2019, there are 5 Board's meetings which can show the numbers of attending the meeting as follows:

Name		Position	Attending Meeting / Total Meeting (times per year)
1. Mr. Supachai	Chaisupat	Chairman of the Board	5 / 5
2. Mr. Weerasak	Chaisupat	Director, CG Committee	5 / 5
3. Mr. Kritsada	Chaisupat	Director, CG Committee	5 / 5
4. Mrs. Panthipa	Chewthanasoontorn	Director	4 / 5
5. Pol. Gen. Vichien	Samarnpong	Director	5 / 5
6. Mr. Bunjerd	Somsem	Director, Nomination and Remuneration Committee	5 / 5
7. Mr. Charus	Khanchanakhajit	Chairman of Independent Director/Audit Committee, Chairman of Nomination and Remuneration Committee	5 / 5
8. Mr. Janram	Atthakrisna	Independent Director/Audit Committee, Nomination and Remuneration Committee	5 / 5
9. Mr. Chalermpong	Mahavanidvong	Independent Director/Audit Committee, Nomination and Remuneration Committee, Chairman of CG Committee	5 / 5

Independent Director/Audit Committee

December 31, 2019, Independent Director /Audit committee consists of these following people:

Name		Position
1. Mr. Charus	Khanchanakhajit	Chairman of Independent Director /Audit committee
2. Mr. Janram	Atthakrisna	Independent Director /Audit committee
3. Mr. Chalermpong	Mahavanidvong	Independent Director /Audit committee

Authorities and responsibilities of Independent Director/Audit Committee

According to the 2th /2009 Board of Director's meeting on April 28, 2009, there is a setting of authorities and responsibilities of the Audit Committees.

1. To review financial reports against the accounting standard and ensure adequate disclosure.
2. To review the internal control and internal audits to ensure suitability and effectiveness; consider independency of the Internal Audit Unit.
3. To review the Company's performance against the law on securities and stock exchange, Stock Exchange's requirements, or applicable laws.
4. To review related-party transactions or any actions with potential conflicts of interests against applicable rules and ordinances.
5. To review the suitability and adequacy of risk management of the Company.
6. To consider, select, nominate, appoint, displace, discharge and propose Company auditor emolument; determine auditor independency; hold a meeting with auditors at least once a year without management participation.
7. To concur with appointment, transfer and laurels of the Chief of Internal Control Unit; consider concurring with plans, budgets and manpower of the Unit.
8. To consider, select, nominate, appoint, displace and discharge Internal Audit of the company.
9. To furnish a corporate governance report of the Audit Committee inside the Company's annual report, signed by the Chairman of Audit Committee.
10. In performing its duties, the Audit Committee is empowered to invite the management or pertaining staff of the Company to give opinions, join a meeting, or submit documents deemed relevant or necessary.
11. Have power to hire a consultant or third parties to provide opinions or consultancy in case of necessity, the expenses borne by the Company.

12. To perform any acts designated by the Board of Directors.
13. To acknowledge a copy of report of Company directors and executives regarding their or other related persons' conflicts of interests in relation to the business management of the Company or its subsidiaries, subject to the criteria, conditions and methods stipulated under the Capital Market Commission's notification.

Qualifications of Independent Director/Audit Committee*

1. Hold not over 5% of total shares with the voting right of the company, parent company, subsidiary or involving company, therefore, count all the stock that hold by all involving people.
2. Not involve in management, not being an employee, officer or advisor who receive the company salary. Or being an authorized person of the company, parent company, subsidiary, involving company or subsidiary at the same level of the company, major shareholder, or owned by an authorized person of the company, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC. However, such forbidden qualifications are not included in being a governmental officer or consultant of government who is a major shareholder or an authorized person of the company.
3. Not being the one who involved in genetic relationship or legal relationship in cases of father, mother, spouses, siblings, descendants, spouse of descendants with other directors, management team, major shareholders, authorized persons, including proposed person to be directors, management team, authorized person of the company or subsidiary.
4. Not being the one who involve in business with the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company in case of conflict with own independent decision. Also, not being the one who holds significant shares or being authorized persons who related to business of the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC.

These business relationships include normal commercial transactions to operate, renting or leasing properties, financial servicing, assets or services' creditors or debtors, guarantors, guarantees, giving assets to be collaterals, and other related behaviors which effect to the company or another parties shall have a duty to pay in amount of least 3% of total net tangible

assets of the company, or more than Baht 20 million, depending on which number will be lower. However, this criteria shall consider only total debt balance within 1 year before such business relationship occur for each one.

5. Not being the one who is or used to be accounting auditors of the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company, and not being significant shareholders, authorized persons, partners of the auditors company which accounting auditors of the company, parent company, subsidiary, involving company, major shareholder, authorized persons affiliated with, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC.
6. Not being the one who is or used to be professional servicing, legal consulting, financial consulting, who receive fees in amount of more than Baht 2 million per 1 year from the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company, and not being significant shareholders, authorized persons, partners of such professional servicing, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC.
7. Not being the one who is designated to be substitute of directors of the company, major shareholders, or shareholders who related to major shareholders.
8. Not operate the same kind of business and competitive with the company or subsidiary. Not being a partner in partnership or executive directors, employees, officers, consultants who receive routine salary, or holding over 1% of total shares with the voting right of a company which operates the same kind of business and competitive with the company or subsidiary.
9. No any other qualifications that effect to inability of independent comments about operation of the company.
10. Shall be appointed by the company's board of directors, or the Annual General Meeting of Shareholders to be an audit committee.
11. Not being a committee who is assigned from the board to make any decisions about operations of the company, parent company, subsidiary, involving company or subsidiary at the same level of the company, major shareholder, or authorized persons of the company.
12. Not being a director of parent company, subsidiary, or subsidiary at the same level of the company. This criteria means to only registered company.
13. Have responsibilities and duties as determined by SET Regulation Announcement: qualifications and responsibilities/duties of audit committee.

14. Adequate knowledge and experiences to work as an audit committee. There shall be at least 1 audit committee who is able to effectively review the trusty of financial statement.

*As the regulation announcement of The Office of the Securities and Exchange Commission (Tor. Chor. 39/2016): permission for Initial Public Offering on September 30, 2016.

All the above Independent Directors / Audit Committees are qualified as the above criteria, have no any business relationship with the company and do not provide professional services. For the resume and detail of each Independent Director/ Audit Committee, the investor can consider at the part of “Resume of Directors and Management” at the end of this report. Due to such qualifications, the Independent Directors / Audit Committees are able to efficiently inspect the operations and performance of the company with accuracy and transparency. Including, they determine, control and evaluate the company to comply with the good corporate governance as well

Recruiting / Selection of Independent Director / Audit Committee

In part of Audit Committee selection, the company’s shareholders are the one who assign. However, Nomination Committee still allow directors and shareholders to nominate the candidates of Audit Committee by informing to the corporate secretary. Audit Committee determined to consist of 3 persons in the 3 year period. One of them must have an adequate experience in accounting and financial for ensuring all financial matters.

As consider at the part of “Resume of Directors and Management” at the end of this report, Mr. Janram Atthakrisna is a person who has adequate knowledge and experience in accounting and financial, so his inspection of the company’s operations and performance is accurate and reliable. Including, Mr. Charus Khanchanakhajit who has a good reputation in knowledge of Thai law and regulations is enabling to scrutinize, criticize and recommend the company in points of relating to government or laws and regulations.

Since the company listed in the SET, **all audit committees of the company have never had business relationship with the company or service as professional to the company more than determined regulation.***

*As the regulation announcement of The Office of the Securities and Exchange Commission (Tor. Chor. 39/2016): permission for Initial Public Offering on September 30, 2016.

According to meeting record of the company in 2019, there are 4 Independent Director/Audit committee's meetings which can show the numbers of attending the meeting as follows:

Name		Position	Attending Meeting / Total Meeting (times per year)
1. Mr. Charus	Khanchanakhajit	Chairman of Independent Director/ Audit Committee	4 / 4
2. Mr. Janram	Atthakrisna	Independent Director/Audit Committee	4 / 4
3. Mr. Chalermpong	Mahavanidvong	Independent Director/Audit Committee	4 / 4

Nomination and Remuneration Committee

Nomination and Remuneration Committee was approved by shareholders in the Annual General Meeting in March 28, 2014. The current 4 committees of Nomination and Remuneration Committee are as follows:

Name		Position
1. Mr. Charus	Khanchanakhajit	Chairman of Nomination and Remuneration committee
2. Mr. Janram	Atthakrisna	Nomination and Remuneration committee
3. Mr. Chalermpong	Mahavanidvong	Nomination and Remuneration committee
4. Mr. Bunjerd	Somsem	Nomination and Remuneration committee

Authorities and responsibilities of Nomination and Remuneration Committee

1. Considering and determining policies and regulations of remuneration of the company and designing process of committees and sub-committee nomination.
2. Reviewing existing remuneration of committees and Top management/Executives by comparing the company's remuneration with average remuneration cost of other companies in the same section of industry, including considering points of experiences, authorities, responsibilities, duties and reasonable remuneration along with current performance of the company.

3. Presenting remuneration of committees and Top Management/Executives of the company in both financial compensation and non-financial compensation. Presenting overall such remuneration in total numbers as a budget to the Board of Directors to consider and present to ask for approval of shareholders in the Annual General Meeting of the company.
4. Recruiting, considering and presenting qualified persons to replace the expired committees/sub-committees or any other vacant relevant positions or as determination by new law with reasonable consideration and conforming the determining policies and regulations of remuneration of the company. Then, presenting the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting.

Qualifications of Nomination and Remuneration Committee

1. At least two-third of Nomination and Remuneration Committee members should be Independent Directors and the remaining should be Non-Executive Directors.
2. The Chairman of Nomination and Remuneration Committee has to be an Independent Director.
3. The Chairman of the Board of Directors should not be either a chairman or a member of any committee, to ensure independence of the committees.

According to meeting record of the company in 2019, there are 2 Nomination and Remuneration Committee's meetings which can show the numbers of attending the meeting as follows:

Name		Position	Attending Meeting/ Total Meeting (times per year)
1. Mr. Charus	Khanchanakhajit	Chairman of Nomination and Remuneration committee	2 / 2
2. Mr. Janram	Atthakrisna	Nomination and Remuneration committee	2 / 2
3. Mr. Chalermpong	Mahavanidvong	Nomination and Remuneration committee	2 / 2
4. Mr. Bunjerd	Somsem	Nomination and Remuneration committee	2 / 2

Corporate Governance Committee (CG Committee)

Corporate Governance Committee was approved by shareholders in the Annual General Meeting in March 29, 2019. The 5 current committees of Corporate Governance Committee are as follows:

Name		Position
1. Mr. Chalermpong	Mahavanidvong	Chairman of Corporate Governance committee
2. Mr. Weerasak	Chaisupat	Corporate Governance committee
3. Mr. Kritsada	Chaisupat	Corporate Governance committee
4. Mr. Mana	Srivikanon	Corporate Governance committee
5. Mr. Chatchai	Pengmeesri	Corporate Governance committee

Authorities and responsibilities of Corporate Governance Committee

1. Determining and reviewing policies and regulations of the Corporate Governance of the company and present to the Board of Directors.
2. Presenting solutions or principles of Good Corporate Governance which are appropriated to human resources, cultures and business environment of the company to the Board of Directors.
3. Coordinate, communicate, and propagate all policies, solutions, principles of Good Corporate Governance of the company to allover operation levels of the company.
4. Direct, follow up the results of conduct, and evaluate all policies, solutions, principles of Good Corporate Governance of the company by comparing with the determined regulations and comparing with the standards of law, same industry level or domestic country level or even international level.
5. Present the summary of Good Corporate Governance Conduct of the company (“The Review Report of Good Corporate Governance Conduct according to CG Code”) to the Board of Directors at least 1 time per year. So, the Board of Director would review those conduct and continuously improve the policies or principles to be updated and appropriated for the current situations. If there are any non-performed principles, the Board of Directors would consider to develop the CG conduct plan and follow up conduct to achieve those principles correctly.
6. Motivate and build the campaign about Good Corporate Governance to be a part of company’s cultures.

7. Follow up about Anti- Corruption by coordinating with Management Team and Corporate Secretary to directly report and advice to the Board of Directors. So, the Board of Directors would evaluate and review about the appropriation of risky operations/processes in the company, including develop solutions or principles to prevent /decrease the risks of corruption occurrences.

Qualifications of Corporate Governance Committee

1. At least one Independent Director, 2 Executive Directors and Executives or Manager who have reliable background about good behaviors according to regulations and policies of Good Corporate Governance of the company. In addition, they are friendly, have abilities to coordinate and communicate all policies/principles of Corporate Governance from the committee to allover operation levels of the company
2. The chairman of Corporate Governance Committee has to be an Independent Director.

According to meeting record of the company in 2019, there are 1 Corporate Governance Committee's meetings which can show the numbers of attending the meeting as follows:

Name		Position	Attending Meeting/ Total Meeting (times per year)
1. Mr. Chalermpong	Mahavanidvong	Chairman of Corporate Governance committee	1 / 1
2. Mr. Weerasak	Chaisupat	Corporate Governance committee	1 / 1
3. Mr. Kritsada	Chaisupat	Corporate Governance committee	1 / 1
4. Mr. Mana	Srivikanon	Corporate Governance committee	1 / 1
5. Mr. Chatchai	Pengmeesri	Corporate Governance committee	1 / 1

Top Management

December 31, 2019 all 7 executives consist of following:

Name	Position
1. Mr. Supachai Chaisupat	President & CEO
2. Mr. Weerasak Chaisupat	Managing Director
3. Mr. Kritsada Chaisupat	Executive Vice President in General Management
4. Mrs. Piyarat Sawatdee	Executive Vice President in Sales & Marketing
5. Mrs. Suwimon Chaisupat	Executive Vice President in Finance and Account
6. Ms. Wunthakarn Junthacot	Executive Vice President in Human resources
7. Mr. Mana Srivikanon	Accounting Manager & Corporate Secretary

(Details of Board of Directors and Top Management/Executives in each person shown in the last section of this Annual Report: “Resume of Directors and Management 2019”)

Authorities and responsibilities of President and Managing Director

1. Oversee all managerial matters.
2. Ensure that all company plans and managements reach the company’s policy and the approved budget.
3. Approve all company’s expenses which has ladder as following:
 - 3.1) President can approve the regular sale and purchase transactions not over 400 million baht. Purchasing other assets not over 500 million baht. If it over, can propose to the Board of Directors meeting.
 - 3.2) Managing Director can approve the regular sale and purchase transactions not over 200 million baht. Other asset not over 30 million baht. If it over, must propose to the president.
4. Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
5. Can be the company representative to other person that can be benefit to the company.
6. Assign and approve all counselors for the company.
7. Be the authorized person who in charge of managing the company to reach their objective, policy, rules and regulation, and also meet the Board of Director’s minute of meeting.

However, this authorization of the President and Managing Director or other authorized person, are excluded the approval of the matter that will be benefit or conflict to the company or subsidiary. All this matter must pass the approval of the Board of Director’s meeting and/or the shareholder’s meeting. Except the matter that is a normal company’s business or the matter that already approved.

Corporate Secretary

Name	Position	E-mail Address
Mr. Mana Srivikanon	Corporate Secretary / Accounting Manager	mana.sri@cspsteel.com

Authorities and responsibilities of Corporate Secretary

The Board of Directors assigns a Corporate Secretary to take responsibilities of learning and gathering all relevant legal information, regulations, rules that the company has to notified and conform as The Stock Exchange of Thailand, The Securities and Exchange Commission or other relevant organization has announced. In addition, the Corporate Secretary is a person who record minutes of Board of Directors' meeting, the Annual General Meeting and the Annual Report. Gathering recommendation, opinions or complaints of stakeholders for reporting to the Board of Directors with reasonable comments, managing all activities of the Board of Directors, communicating and overseeing all departments of the company to conform the Board of Directors' approval, rules, regulations and policies of The Stock Exchange of Thailand and The Securities and Exchange Commission are the duties of Corporate Secretary as well.

Selection of Committees and the Management

For accuracy, transparency and fairness of selection of committees and management team, shareholders approved to set 4 Nomination and Remuneration Committees during the Annual General Meeting of the year 2014. (March 28, 2014). Their authorities and responsibilities are recruiting, considering and presenting qualified persons to replace the expired committees/sub-committees or any other vacant relevant positions or as determination by new law with reasonable consideration and conforming the determining policies and regulations of remuneration of the company. Then, they will present the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting. However, Nomination Committee still allow directors and shareholders to nominate the candidates of vacant positions of committee by informing to the corporate secretary to present to the Nomination and Remuneration Committees later.

The Nomination and Remuneration Committees would set at least 2 meetings per year. Ones of necessary agenda are recruiting new qualified directors/ committees and members of top

management team to enhance the team or replace the expire members. They would consider qualified persons from both within organization and outside organization. For example, as the 2nd Nomination and Remuneration Committees meeting of the year 2019, there was an agenda of considering and proposing a new Audit/Independent Committee and Nomination and Remuneration Committee. The resolution of both the Nomination and Remuneration Committee and the Board of Directors agreed to approve Pol. Maj. Gen. Wittawat Buranasompop to take these positions because his qualification is along with criteria of SEC and SET, including appropriate knowledge and experiences of human resource management, legal practice controller and high reliability with honesty through all his background, etc.

Additionally, in every year before the Annual General Meeting, the company allows shareholders to be capable of nominating the candidates of committees in a period of 30 days before closing of proposing Annual General Meeting's agenda if such shareholders hold at least 5% of Issued and Paid-Up Capital Common Stocks of the company or at least 25,000,000 shares with one shareholder / gathering many shareholders and must have held those shares for at least 1 year and still hold those shares at the day of such allowance. The shareholders can follow up via the company's website: www.cspsteel.com and SET website: www.set.or.th

Assigning the Board of Directors

The new Directors will be approved by the Board of Directors or approved in the shareholder's meeting. Assigning the Board of Directors comes from the shareholder's vote in the following ways:

1. One shareholder has the vote equal to how many shares they have in hand.
2. One shareholder can split their votes for selection of many candidates.
3. The one who got the highest vote will be the Board of Director respectively. If there is an equal vote, the President will be the one who assign.

Directors from the Major Shareholders

In current, 4 directors of the company are from the major shareholders: "Chaisupat Group" and 3 of them are executives in the management team. However, there are 5 directors who are not from such major shareholders and are able to balance of the Board of Directors. Meanwhile, the Chaisupat Group always made decisions and run the business with responsibilities to overall shareholders and best results for the company. There are not any situation of Conflict of Interest because they have never managed or operated in any other business relating to the steel industry and never personally influenced in destructive way to the company's benefits.

Directors / Committees and Management Remuneration

For accuracy, transparency and fairness of remuneration of committees and management team, shareholders approved to set 4 Nomination and Remuneration Committees during the Annual General Meeting of the year 2014. (March 28, 2014). Their authorities and responsibilities are to fairly determine and review remuneration of committees and Top management/Executives in both financial compensation and non-financial compensation, then, present overall such remuneration in total numbers as a budget to the Board of Directors to consider and present to ask for approval of shareholders in the Annual General Meeting of the company. Regarding resolution of AGM 2019 at March 29, 2019, total numbers as a budget for Directors / Committees and Management Remuneration must not exceed Baht 2,000,000 (excluding salary and bonus of Executive Directors) which was the same rate as that of 2018. The details of their definition and remuneration limits are as follows:

1) Salary

Salary was monthly paid for Executive Directors which considered by comparing the company's remuneration with average remuneration cost of other companies in the same section of industry, including considering points of authorities, responsibilities, duties, abilities, experiences and each personal performance. Non- Executive Directors still shall not gain this category of remuneration.

2) Remuneration from operating results/ Bonus

Bonus was annually paid for both Executives and Non-Executive Directors. This kind of compensation depends on average remuneration cost of other companies in the same section of industry, annual financial performance or annual operating results of the company, duties, responsibilities, knowledge, abilities and experiences of each director. The Executive Directors shall gain Bonus according to Bonus consideration system of the company as other employees which depending on the company's operation results and each Executive Director's performance. Likewise, Non-Executive Directors shall gain Bonus according to the company's operation results, each Non-Executive Director's performance and each responsibility. Bonus shall not exceed Baht 500,000 per year (excluding Executive Directors) and directors can allocate by themselves, the same as the year 2018's.

3) Remuneration for directors for the Board of Directors Meeting /Attendance Fee

This kind of compensation was paid for only directors who attend any Board of Directors' Meeting and shall not exceed Baht 1,500,000 per year, the same as the year 2018's.

4) Incentive Fee and Other Welfare

It is a special compensation which paid by concerning value-added to shareholders; for example, sales commission, net profit of the company, dividend of shareholders or any other welfare such as social security expense , medical expense, etc. The Board of Directors agreed that this kind of remuneration is still not necessary.

- 5) Remuneration for Board Committees: Audit Committee, CG Committee and Executive Directors are considered by the Board of Directors which shall be commensurate with the duties and responsibilities of directors, or allow the Nomination and Remuneration Committee to take that responsibility. At the present, Nomination and Remuneration Committee of the company consider that committees are also take a position of directors in the Board of Directors of the company and the current remunerations are appropriate , even some committees of CG Committee do not take a position of director in the Board of Directors, they take a position of managerial level in the company and their committee's responsibilities are still not quite different from their existing job responsibilities; therefore, there's no need to allocate remuneration for this type of remuneration.

Remuneration Structure of directors / committees in both Executive and non-Executive in year 2019, comparing with 2018 are as follows:

Item	2018			2019		
	Bonus	Attendance Fee	Other*	Bonus	Attendance Fee	Other*
1 Chairman of the Board	Excluded	Baht 10,000 / meeting	-	Excluded	Baht 10,000 / meeting	-
2 Executive Directors	Excluded	Baht 10,000 / meeting	-	Excluded	Baht 10,000 / meeting	-
3 Non-Executive Directors	-	Baht 25,000 / meeting	-	-	Baht 25,000 / meeting	-
1 Chairman of Independent Director/ Audit Committee	-	Baht 30,000 / meeting	-	-	Baht 30,000 / meeting	-
2 Independent Directors/ Audits Committee	-	Baht 25,000 / meeting	-	-	Baht 25,000 / meeting	-
Total	-	Baht 185,000/meeting	-	-	Baht 185,000/meeting	-
1 Chairman of Nomination and Remuneration Committees	-	-	-	-	-	-
3 Nomination and Remuneration Committees	-	-	-	-	-	-
1 Chairman of CG Committee	-	-	-	-	-	-
4 CG Committees	-	-	-	-	-	-
Total Limit: 2.0 Million Baht/year	(Total Limit: 500,000 Baht/year)	(Total Limit: 1.5 Million Baht/year)	-	(Total Limit: 500,000 Baht/year)	(Total Limit: 1.5 Million Baht/year)	-

*Remark: Other remuneration such as sales commission, social security expense , medical expense and others expenses.

Remuneration of Directors/Committee during the year 2019 in both Financial and Non- Financial Compensation

- Financial Compensation



Item	2018			2019		
	Salary/Bonus	Attendance Fee*	Other**	Salary/Bonus	Attendance Fee*	Other**
Directors						
1. Mr. Supachai Chaisupat	-	50,000	-	-	55,000	-
2. Mr. Weerasak Chaisupat	-	50,000	-	-	55,000	-
3. Mr. Kritsada Chaisupat	-	50,000	-	-	55,000	-
4. Mrs. Panthipa Chewthanasoontorn	-	128,866	-	-	128,866	-
5. Pol.Gen. Vichien Samarnpong	-	154,639	-	-	159,794	-
6. Mr. Bunjerd Somsem	-	128,866	-	-	134,020	-
<u>Sub-Total</u>	-	<u>562,371</u>	-	-	<u>587,680</u>	-
Independent Committees						
7. Mr. Charus Khanchanakhajit	-	154,639	-	-	159,794	-
8. Mr. Janram Atthakrisna	-	128,866	-	-	134,021	-
9. Mr. Chalermpong Mahavanidvong	-	103,092	-	-	134,020	-
<u>Sub-Total</u>	-	<u>386,598</u>	-	-	<u>427,835</u>	-
Nomination and Remuneration						
Committee 4 persons	-	-	-	-	-	-
CG Committee 5 persons	-	-	-	-	-	-
Total	-	948,969	-	-	1,015,515	-
Directors with Management Team						
3 persons	16,609,956	-	-	15,903,456	-	-
Other Management Team						
4 persons	4,518,983	-	424,595	4,900,130	-	445,630
Total	21,128,939	948,969	424,595	20,803,586	1,015,515	445,630

*Remark: Attendance Fee which paid to Non-Executive Directors shown as non-deducted 3% withholding tax, after tax is equal to the approved compensation amount.

**Remark: Other remuneration such as sales commission, social security expense , medical expense and others expenses.

Management Remuneration is the set of salary, remuneration, bonus and other revenues, excepting for salary and bonus of Executive Directors. According to the shareholder's meeting on March 29, 2019 the total remuneration of director / committee must not exceed Baht 2,000,000 (excluding salary and bonus of Executive Directors). In the year 2019, the company paid such Management Remuneration in amount of Baht 1,015,515.60. This amount was along with the approved compensation amount from AGM.

Moreover, other remuneration of the company is Provident Fund which established on July 28, 2005 in the rate of 2% or 3% of their salary, beginning on July 2005. One December 31, 2019 the company has paid Baht 290,058.00 to the Management/Executives for this Provident Fund.

- Non-Financial Compensation

- None -

GOOD CORPORATE GOVERNANCE REPORT

CSP Steel Center realizes not only the significance of good management to achieve business goals but also the significance of good corporate governance principle in order to conduct the business with transparency, loyalty and responsibilities to society and all stakeholders. CSP Steel Center believes these will bring trustworthy and sustainable growth to the company. Regard to the good governance principle, the company set and reviews our own principle by referring to **The Principles of Good Corporate Governance for Listed Companies 2017** which the details are as follows;

Principle 1: Establish clear leadership role and responsibilities of the board

Principle 2: Define objectives that promote sustainable value creation

Principle 3: Strengthen board effectiveness

Principle 4: Ensure effective CEO and people management

Principle 5: Nurture innovation and responsible business

Principle 6: Strengthen effective risk management and internal control

Principle 7: Ensure disclosure and financial integrity

Principle 8: Ensure engagement and communication with shareholders

The company has already reviewed and applied those 8 principles* into corporate governance conducts which are as follows:

*Remark: for some details of corporate governance conducts might be involved or appeared in other contents /parts of this Annual Report or in Form 56-1 as regarding of appropriated presentation.

Policy of Good Corporate Governance

1. The principle of operating business shall regard to benefits of stockholders and stakeholders equally.
2. Directors and management team shall efficiently, carefully and thoroughly manage the company for the maximum sustainable benefit of the company and shareholders.
3. The board and management team shall assume a leadership role or leading by being an example in creating and driving a culture of compliance and ethical conduct of good corporate

governance, communicating throughout the company, including following up and evaluating of such conducts continuously.

4. All operations shall be clearly reported with transparency and on time.
5. The board shall concern the importance of control and oversee the company to conduct along with the laws without internal or external corruption; for example, suppliers, governmental sections and so on.
6. Risk management shall be controlled, minimize loss, enough for business's making decisions and be able to adapt under different business situations. All these concerns shall be behaved by the board of directors.
7. The board shall ensure that management team continuously reviews, adapts, and develops the company's use and optimization of resources: financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital by considering internal and external factors, including determining **Security of Information Technology Policy** of the company.
8. The board shall aim that good corporate governance would lead the company to have competitive advantages and good operation performance by considering long-term consequence.
9. Excepting for focusing on financial performance, business ethics are also strictly conducted to run business of the company; in order to, avoid harming any stakeholders, community, or environment.
10. **The board shall consider and review the CG Code by means that are suitable to the company's business at least 1 time per year and record an annual internal review of the implementation of the CG Code to be a part of the board's meeting resolutions. If there is any unapplied principles, the board shall consider to develop a plan, follow up, and oversee the conduct by prioritizing all principles to conduct into plan. Besides, all important comments of the board shall be recorded in "The Report of reviewing the implementation of the CG Code" annually.**

However, the Principles of Good Corporate Governance of the company could be presented in 5 categories, namely:

- 1) Rights of shareholders
- 2) Equitable treatment of shareholders

- 3) Role of stakeholders
- 4) Disclosure and transparency
- 5) Responsibilities of the Board

For the details of each category are as follows:

1. Rights of Shareholders

● Shareholders' meeting

1.1 In every shareholder meeting, the company conforms to the rule and regulations of Thai listed companies and recommendations of Thai Investors Association (TIA) by delivering the notice of shareholders meeting along with meeting agenda and other supporting documents to every shareholder prior to the meeting date for 7 days. Also, published such notice of the meeting in the public daily newspaper according to regulations of the company's Articles of Association and online at the company's website to let all shareholders to consider information prior to the meeting date for 30 days.

1.2 The board of directors should publicly disclose policies to encourage all shareholders, including institutional ones, attending the company's shareholders meeting.

As the company conforms to this point, not only the company mails the notice of the Annual General Meeting to all shareholders, but also our IR staffs randomly invites in both personal and institutional shareholders by telephone call.

1.3 The board has the duty to ensure that the company provided shareholders, in advance of meetings, with the date, time, comfortable venue (with map attachment), copy of previous Annual General Meeting report, CD of annual report, summary of annual financial performance, resume of directors whose expiration of the term are on due and are nominated to serve a position again (if any), biography of a new proposed directors to be approved (if any), information on remuneration of directors, related documents of financial statement auditor and its remuneration, resume of independent directors who are assigned to be proxies of unable-attended shareholders in Annual General Meeting, a proxy document (attachment), identification documents required for meeting attendance, registration process, voting process and vote counting procedures, conditions rules and procedures of the meeting proxy and voting method, Articles of Association in sections of meeting and voting method, submitting questions of shareholders to the company prior to the meeting date, and all agenda items with the rationale

or explanation for each agenda item or resolution in the notice of the Annual General Meeting or extraordinary general meeting or circulars and/or the accompanying statement.

The company always conforms to this regulation in every year. As a results, the company received 100 full scores of AGM quality evaluation or AGM Checklist by Thai Investors Association (TIA) for 3 consecutive years. (2017-2019)

1.4 All meeting agenda comprise of important details that need to be casted the vote during the meeting, are clearly informed with the rationale or explanation for each agenda item to every shareholder before the meeting date.

1.5 The board allows shareholders to send their questions to the company prior to the meeting date. Investors should be clearly informed in advance of the determined criteria for accepting advance questions and the process for submitting them, including on the firm's website.

The company always provides all determined criteria, process of submitting and channel of submitting for shareholders' question in both notice of shareholders meeting and website of the company every year.

1.6 To facilitate shareholders who are both able and unable to attend the meeting, the proxy form is provided along with notice of the meeting. Therefore, shareholders may authorize other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the company as their proxy. The company provided 1-2 qualified independent directors to be a proxy.

- **Procedures on the shareholders' meeting date**

1.7 The company provides the best effort to accommodate the most convenience for shareholders in points of the meeting place, registration desk, receptionists or company staffs who facilitate all attendants with documents and other compliments that secure fast precise and accurate technology for registration and presentation, such as presentation of each agenda displaying in big screen, wireless microphone for providing shareholders opportunities to question, recommend and express their opinion as deem appropriate. Those lead to the convenient and successful shareholders' meeting.

1.8 All directors are determined to attend shareholders meetings. Shareholders will be able to ask questions directly to the chairpersons of the committee responsible for any specific issue. However, if anyone of them has a serious reason that can't attend, they have to inform to the board of director at least 3 days prior to the meeting date.

- 1.9 The board encourages the company appointing an independent party of scrutinizers/inspectors to count and/or validate votes at the Annual General Meeting at least 2 persons. These scrutinizers shall be disclosed at the meeting and recorded in the minute.

In every year, 2 inspectors from financial statement audit company always attend in the Annual General Meeting and were recorded in the minute every year.

- 1.10 In the meetings, there should be no bundling of several items into the same vote; for example, election of each director, and consideration of various types of remuneration.

- 1.11 For the sake of transparency and the future reference, the board should encourage the use of voting cards for important agenda items such as related party transactions or acquisitions or disposal of significant assets.

The staffs of the company will distribute a voting cards' set of every meeting agenda when shareholders register at the front of meeting room.

- 1.12 Equal opportunities provided to shareholders to express their opinions and ask questions to the Board of Directors in each agenda through whole duration of the meeting

In every Annual General Meeting, after voting of all agenda is finished, the board of directors will always share the rest of time to answer all questions of shareholders in detail with available presentation of well-prepared information. Moreover, the chairman of directors always informs the trend and update situations of the company and steel industry to the shareholders, even there is no such point in the agenda because the company truly respects rights of shareholders and conforms the principles of good corporate governance of the company.

- 1.13 Board of Directors' remuneration is one of the agenda of shareholder's meeting.

- 1.14 The company supports and provides an independent person who has duty on counting votes or oversee votes in the AGM meeting and discloses the voting results: approving, disapproving, abstaining, invalid ballots at the end of each agenda to let the quorum acknowledges, including recording the results into minutes of AGM every year.

- **Writing and releasing of the minutes of shareholders' meetings**

- 1.15 The minute of shareholders' meeting would be completed and published on the SET's information system and company's website within 14 days since the meeting date. The minutes of shareholders meetings are determined to include a description of the voting and vote tabulation procedures used, declaring both before the meetings proceeds by the host, voting results of each agenda item containing approving, dissenting, and abstaining votes, list of the

board members who attended or missed the meetings, questions or raise issues of shareholders, and answers or resolutions of directors.

1.16 The company would make publicly available the result of voting during the Annual General Meetings or extraordinary general meetings for all resolutions by the next working day on the company's website.

1.17 **The company's dividend payment policy is considered as the important right of shareholders which determined no less than 50 percent of net profit after tax.** However, the dividend policy still has to depend on operating results of each year and other necessary development plans in the near future.

2. Equitable treatment of shareholders

- **Release of information prior to the shareholders' meeting**

2.1 Every shareholder has the same right to receive the information of the company without any conditions such as the number of shares, types of shareholder or nationality.

2.2 The board of directors determines the company to release its Annual General Meeting notice, with detailed agenda and explanatory circulars, at least 28 days prior to the meeting date.

2.3 The board of directors determines the company to inform shareholders of meeting procedures and voting criteria, including the voting rights attached to each class of shares.

The company's already informed those criteria in the notice of AGM according to Articles of Association of the company in topic number 4: shareholders' meeting; for instance, in clause 39: in Annual General Meeting, both common stock shareholders and preferred stock shareholders have the same right for 1 vote and this content can found in notice of shareholders meeting which publicly announced in website of the company as well.

2.4 The company has a policy to fully **translate notice of shareholders meeting into English and published at the same time as Thai version.**

- **Protection of minor shareholders**

2.5 The company allows shareholders to propose the agenda of shareholder's meeting and directors' nomination 30 days in advance prior to the closing date agenda. The detailed criteria and conditions of such proposal have been posted at the company website along with proposal form for shareholder's convenience.

2.6 The process used in election of directors should allow shareholders to vote on individual nominees.

The company publishes “criteria and procedures for shareholders to propose agenda of shareholder’s meeting and directors’ nomination” which shown details of qualification, procedures, method of consideration, documents attachment, channels of submission and duration of proposal, including attached standard forms of the company in website of the company for 30 days in advance prior to the closing date agenda

2.7 The company has never added up the new agenda of the meeting without notification to shareholders.

● **Protection against abuse of inside information**

2.8 The Board of Directors has to recognize the importance of inside information control and protects for internal use of restricted person only, so the Board established the policy and conduct to keep it confidential until discloses to the public.

- Educate all directors and executives to acknowledge their responsibility to report their shareholding and related persons’ shareholding included their spouse and minor children to SEC and SET in accordance with Section 59 and the penal provision of Section 275 in the Securities and Exchange Acts B.E. 2535

- The company determines that all directors and executives have responsibility to report the changes in their own shareholding and securities holding to SEC and SET in accordance with Section 59 and the penal provision of Section 275 in the Securities and Exchange Acts B.E. 2535 and have to submit the copy of report to the company in the same day as report to SEC and SET. The purpose is to precisely report to the board of directors and disclose in the annual report.

- The company sends the notification letters to warn all management if they receive the inside information which is significant and can impact on changes of securities’ price, all management is forbidden to buy, sell or transfer the company’s securities, also forbidden to disclosed such inside information to the public or other persons within 1 month before the financial statements or such inside information would be disclosed to the public.

However, if any directors, executives and the company’s staffs are taking advantage for their own from using inside information and such action has caused any disgrace or damage

to the company, the company will consider taking an appropriate legal action against such person.

- **Conflicts of interest by directors**

2.9 The Board of Directors has set that directors and executive directors are supposed to disclose their own interest or other related person's interest which related to the management of the company in accordance with Section 89/14 under the Securities and Exchange Act (No.4) B.E. 2551, In order that the Board of Directors can monitor such transactions that may create a conflict of interest and can determine for all benefits of the company and recorded this fact into the minute. As this consideration, directors and executive directors who may have conflict of interest with the company should not present and vote at the meeting to discuss or decide on any connected transaction as said.

2.10 In addition, the Board of Directors would consider and monitor such point in every quarter.

2.11 The Board of Directors of the company has never held more than 25% of issued and paid-up capital of the company.

Currently, the company determines that the decisions that may cause a conflict of interest or advantage/disadvantage of some benefits, directors or the management team who are shareholders are determined to not have the right to vote on issued that they are involved for independence in decision-making and then disclosures to the public suddenly due to concerning transparency. Besides, the necessary information required to be disclosed in the annual report (Form 56-2) and annual registration statements (Form 56-1) on regular basis. **Currently, the Board of Directors of the company doesn't hold more than 25% of issued and paid-up capital of the company.**

3. Role of stakeholders

The company and the Board of Directors realize the rights and importance of overall stakeholders, including customers, employees, trading partners, shareholders or investors, creditors, competitors, community, environment and government sector. The company and the Board of Directors believe that a good relationship between the company and those stakeholders is significant factors of the company's earning and financial stability. Also, it creates sustainable growth to both the company and those stakeholders. All details of this policy are as follows;

● Rights and Policy of Conduct to Stakeholders


3.1 Customers: Regard to the company's mission, **“ We concentrate on operating as a professional steel service center that satisfies our customers with high quality steel products and services, punctual delivery and always keep improving and developing such quality with strategically focusing on Value-Added Products and Services to meet the customer's needs of various industries, along with Ethical Business Operation relating to all stakeholders for the sustainable growth”**, the company has kept conforming the mission through whole process of operation. Those are the phase of finding and purchasing international quality raw materials, Providing and selling high quality products with fair price regarding to market price in such period, Providing a professional consulting for customers about specification and adaptation of each product, Production of cutting shearing slitting or pipe milling to deliver high quality finished products as customers request, and finally delivering the finished products on time. In addition, the company has a policy to improve the quality of products, claim the products or paying compensation of unqualified products to ensure every transaction is fair to customers. The company has a specific team of staffs who manage and operate such policy.

3.2 Employees: The company realizes the importance of both machine/equipment power and human power as factors leading the company to reach business goals. The key point is machines and equipment cannot work well without controlling and maintenance of mechanic experts. Including, professional management team who creates the business strategies and overall operational workers of every department who work to support those strategies, all are important to the company since was founded. As a result, the company not only remunerates fair salary, wage, or bonus, but good welfare and security as well. The examples are as follows;

- Accident Insurance for employees, in case that they get any accident during working hours or time off, they would receive medical fee and in case of dead from an accident, they would receive compensation as the law determined.
- The company has established the provident fund for employees, so they can save the money for life after leave, disability or retirement. The company's current policy is contribution in the same amount that employees pay into the fund each month.
- Safety in the workplace, workers are given a set of wearing apparel and safety equipment for working in a factory to protect them from accidents that may occur during operation. Also, there

are training activities to prevent or mitigate accidents that may occur; for instance, fire elimination coaching, training on how to work safely and correctly for positions that are vulnerable to insecurity, first aid and transporting injured people and so on. If the accident happens, employees will be received a medical care payment from the Social Security Fund. Moreover, according to the company's policy, employees will be received more assistance in special cases. If they have to take leave due to such accidents, the company would continue to pay wage / salary as usual.

The company has a policy about Safety in Workplace as follows:



บริษัท ซีเอสที สตีล เซ็นเตอร์ จำกัด (มหาชน)

CSP STEEL CENTER PUBLIC COMPANY LIMITED

The Policy of Safety


Safety First


8 Principles of Safety in Workplace

1. Safety in Workplace is the first work responsibility of every employee and every position.
2. The company shall support to improve safety in working conditions and environment.
3. The company shall support to create all related activities about safety to motivate all employees to concern about safety; for example, training, PR and campaign about Safety competition, etc.
4. Every supervisor must be a good leader and example of Safety by being a leader, trainer and attract employees to follow the work operation with Safety.
5. Every employee must concern own Safety, colleagues and the company's properties all through the working time.
6. Every employee must concern about cleanness and tidiness of the working areas.
7. Every employee must be willing to participate in the project of Occupational Safety, Health and Environment of the company. Also, influence in sharing the ideas to improve working condition, working implementation with Safety.
8. The company shall always evaluate the results of implementation whether conforming the above policy.

0 OF ACCIDENTS

SAFETY BEGINS WITH YOU





Mr. Kritsada Chaisupat

Chairman of Occupational Safety, Health and Environment Committee

Additionally, the company set the Occupational Safety, Health and Environment Committee of the Company according to Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in Workplace B.E. 2549 (A.D.2006). Their responsibilities are:

1. Consider the policy and plan of safety inside/outside the workplace in order to protect and mitigate the risk of accidents, sicknesses, disturbance from working, unsafety situations and propose such policy and plan to the management for approval.
2. Report and share ideas about regulations or improvement methods, conforming to the law of Standard for Administration and Management of Occupational Safety, Health and Environment in Workplace; in order to enhance the working safety of employees, sub-contractors and outsiders who work or service in the company's areas.
3. Enhance and support all activities, relating to safety in the workplace.
4. Consider regulations and tools for safety in the workplace, including standard of safety in the workplace, then propose them to the management.
5. Monitor implementation of safety in the workplace and do the statistic of accidents occurred in the workplace at least 1 time in a month.
6. Consider projects or plans about training of safety in the workplace, including projects or plans about training of responsibilities of employees, supervisors, management, employers and every level of Human Resources of the company, then propose them to the management.
7. Set the system of reporting unsafety situations which is the responsibility of every level of employees in the company must conform.
8. Follow up the results and feedback of all assignments that proposed to the management.
9. Report annual results of implementation and identifying problems, obstacles and practical suggestions to the management whenever the committee completes duties for 1 year.
10. Evaluate the results of implementation of safety in the workplace.
11. Implement other relating assignments as the management assigned.

Moreover, whenever the accidents in the workplace occur, the company will check and do "Accident Incident Investigation Report" which has the following details: Personal Detail, Accident Detail, Accident/Incident Evaluation, Description of Accident /Incident and Pictures (if any), Accident Analysis, Corrective and Preventive action, Suggestion/comment from Safety Manager/Safety officer and Follow up Corrective and Preventive action by Safety officer. The Accident Inform Flow and Accident Report Flow are as follows:



In 2019, the Statistic of Accidents in the Workplace and Actual Lost-Work Day from the Accidents are as follows:

Accident Date	Department	Accident Evaluation	Actual Lost-Work Day
1/2019	Maintenance	Level2: Lost-Work Day <= 3 days	1
2/2019	Production	Level3: Lost-Work Day >= 3 days	17
2/2019	Production	Level2: Lost-Work Day <= 3 days	1
2/2019	Production	Level3: Lost-Work Day >= 3 days	43
4/2019	Production	Level3: Lost-Work Day >= 3 days	43
6/2019	Production	Level3: Lost-Work Day >= 3 days	31
11/2019	Maintenance	Level2: Lost-Work Day <= 3 days	1
7 Accidents			137

According to the above the Statistic in the year 2019, the ratio of Actual Lost-Work Day is around 45.97% of all numbers of working day in 2019. It shows very higher number than most last years which showed only around 5%, but better than the previous 3 years. However, there were only 7 accidents occurred during a year, but most of them were severe accidents. That's why employees had to take leave for a long period and actual lost-work day therefore had very high number. However, the company still has a strong commitment to conform to the policy of safety in the workplace by arranging 100% of safety training syllabus and the company still has a commitment to achieve the target 0% of accidents in the next year.

- There's an annual health check activity. The company has a policy to contribute all employees to receive an annual health check every year in order that the company would aware of the physical health of workers to prevent accidents, including to show concern for the health of all employees and to encourage employees concerning about their own health care.

- There is a policy to have annual travelling and annual banquet if the company's performance is satisfied in each year. The main purpose is to strengthen the relationship between all employees in the company also, to encourage all employees being committed to work effectively for the company's achievement.
- Development of the company's employees.

Policy of Human Resources Development

As the company realizes that Human Resources is one of the most important resources of the company, not less important than the machines in the production lines. Developing Human Resources to have abilities according with the policy and current situations of the company is very significant because the good quality employees can lead the company to have the sustainable efficient work operations. As a result, the company will create the annual training plan and conform it every year. The HR department will submit the “Annual Important Determination of Training Form” to executives/managers of each department to determine or design the suitable training topics for their own staffs, including mixing with the opinions or orders from the management level. Then, HR Manager will review and create the Annual Training Plans of the company for both 2 sites: Head Quarter (Rama3) and Suksawad Factory Site. Moreover, during the year, HR will follow up the occurrences or creating those training as the plan and evaluating after every training. Also, at the end of every year, HR will evaluate the success of training plan and report to the management to discuss for finding resolutions or any more developing comments.

However, employees of the company could be divided into 4 levels in order to facilitate designing training programs/activities for each level. Those are:

1. **Director Level:** directors, committees and corporate secretary of the company. They are appropriate to be focus training on Managerial / Strategic Knowledge and Developmental News / Knowledge. The company intends to motivate this level to attend training of Thai Institute of Directors (IOD), Stock Exchange of Thailand (SET), Securities and Exchange Commission of Thailand (SEC) and any other relating training programs in order to enhance their knowledge and understanding about roles, responsibilities and skills of being a director/ corporate secretary, including acknowledging a new relating rules or regulations of those institutions.
2. **Management/Supervisor Level:** Executive Management, President, Managing Director, Executive Vice President, Manager and Supervisor in many departments. They need to understand and have an ability to check the operation results of the subordinate whether their results are correct or efficient. Meanwhile, they need to have managerial knowledge to manage subordinate to work systematically and

effectively. Also, they should be able to improve the working process/operation to benefit the organization. Regarding the executive management, they should focus training on Managerial / Strategic Knowledge and Developmental News / Knowledge such as various academic seminars: business strategies, global economic and financial outlooks which those concepts and data used to support decision making in management because they are the top leaders of the organization and have to determine the business policy and strategy to lead the organization to achieve the business objective together, even the organization have to face with the fluctuated economic situation. Also, the executive management who are the director as well should be trained by the same training program as director level.

3. **Office Operator Level:** the employees who work in the office are appropriate to focus training on how to maximize correction and effectiveness of work operations. The suitable training programs should focus on working techniques or methods for each duty in different departments.
4. **Factory Operator Level:** the employees who work in the factory are appropriate to be trained similar to the Office Operator Level which is how to maximize correction safety and effectiveness of work operations.

The Core Policy of Human Resources Development:

1. The company realizes the importance of human resources and intends to develop their knowledge in order to achieve the business policy and objective of the company together.
2. The company shall support motivate and follow up employees of all departments to be trained as annually determined plan/target which according with the business policy.
3. The company shall support every relating activity (as appropriate) even they derive from the employees' ideas.
4. The commanders shall be a leader and always support subordinates to increase their learning attempt.
5. Every employee shall participate in every related training activity as the commanders assigned.
6. The target of the company's training shall be various and cover all 4 employee levels: 1. Director Level, 2. Management/Supervisor Level, 3. Office Operator Level, and 4. Factory Operator Level
7. The company has the major target ratio that the employees of the company shall be trained at least 50% of total numbers of employees in each year, according to the determination of Department of Skill Development of Thailand.

8. The HR Department of the company shall process all documents about in-house training approval and outside training approval, including preparing related documents for submitting to the determination of Department of Skill Development of Thailand.
9. The company shall monitor/evaluate the results or feedback after training for both in-house training and outside training.
10. All new employees of factory must be trained about the Occupational Safety, Health and Environment Program in order to work and operate in the workplace with safety. Regarding all new office employees, they must be attend orientation program as well.
11. The company shall support the employees who are trained to teach or share their knowledge to relating colleagues in order that the employees can maximize their benefit of knowledge to improve or develop the efficiency of working systems/processes of the company.
12. The company realizes the importance of knowledgeable employees by annual considering their position promoting for their growing up in own career path.
13. The company encourages employees studying at a higher level which they may request a waiver of working time to match with their study schedule.

Plan and Statistic of Employees Training of the Company for the year 2019

Branches	Annual Training Courses		Numbers of Actual Training
	Plan	Actual Training Courses	
Head Quarter (Rama3)	5	10	14
Suksawad Factory	11	17	32
Total numbers of trained employees	248		
Total numbers of employees	410		
Ratio of Total numbers of trained employees	60.49%		

The results of Training in 2019 shown that the company can achieve all target plan. Namely, the company completed all numbers of Annual Training Courses in both 2 branches and achieved the target with 60.49% of the actual ratio of trained employees from total numbers of employees in 2019. (target is over 50%). The average training time was around 6 hours per year. Also, all trainings were various and covered all 4 employee levels: 1. Director Level, 2. Management/Supervisor Level, 3. Office Operator Level, and 4. Factory Operator Level as the main policy defined.

The examples of Training Programs that all levels of employees attended within the year 2019 are as follows:

1. **Director/Corporate Secretary Level:** Advanced Master of Management Program (Class No. 4), Seminar of Accounting Case Studies by Auditors, Basic Understanding of ERP System, How to use ERP System for basic working processes, etc.
2. **Management / Supervisor Level:** Transformation TIS 4.0 : ITIST E-Surveillance /NEW, New ITEM CODE and LOT NUMBER of new ERP System, Course of Safety Officer in Management Level, Course of Updated Financial Statement's Standard No.16, Public Training: Determination and Applying of Statistic Process Controlling, Public Training: Analysis of Potential and Impact Conflication, Advance Products Quality Planning : APQP, Course of Offering for Production Parts Certification Approval, How to arrange and record the Costing Accounting for Accountants, etc.
3. **Office Operator Level:** How to use ERP System for basic working processes (Admin, Purchasing, Inventory, Sales Departments), TEM CODE and LOT NUMBER of new ERP System, Accounting Standards of Assets and Accounting Transactions Acceptance, Focus of Withholding Tax Problems, How to arrange documents for Accounting Recording about Expenses Related Tax, Business Ethics and Anti-Corruption for the year 2019, etc.
4. **Factory Operator Level:** 5S for Speculation and Improvement, the Occupational Safety, Health and Environment in the Workplace Program for General Employees and New Employees, Hydraulic System, Measurement Tools Usage and How to use PRODUCT STD. INSPECTION, How to Drive Crane Correctly and Safely, How to Maintain and Safety of Driving Truck Vehicles by Hino Center, Occupational Safety, Health and Environment Committee (OSHE Committee), How to Packing Tubes W-PD-020 , How to use Packing Tools W-PD-010, etc.

- The company has a new welfare about lending for education and/or personal life because the management realizes that education is important and financial burden is significant to improve standard of living of employees as well. The criteria of lending depend on each qualification, but payment period and interest are fair to every borrower.

3.3 Trading partners: The company has set a policy to well select and create good-relationship between the company and trading partners by fair treatment toward partners in accordance with business condition or mutual agreement for purpose of development and maintenance of long relationship. In addition, following up, evaluating Trading Partners to develop business operation together for sustainable relationship; for example, suppliers evaluation process as ISO

9001 principles, building quality team from both company and suppliers to help each other to assess, study and improve the material quality together, etc.

3.4 Shareholders: The company has focused on the rights of shareholders particularly, in rights of receiving the company's news, business performance and all important activities. Shareholders can track that information from the company's website, information system of SET and other public media. Also, shareholders can contact the company directly via Investor Relations Department, Ms. Supapatcha Sansuk at a headquarter office of the company, phone number: 02-291-6318. Ext. 501 e-mail: ir@cspsteel.com. Moreover the company emphasizes on other rights of shareholders which were discussed above, under the section. "Rights of shareholders". This includes the dividend payment policy that the company always complies with it.

3.5 Creditors: The company strictly follows the borrowing agreement and reports the company's financial data with accuracy and transparency as well as maintaining a good record of interest/loan payment on time.

3.6 Competitors: The company is committed to do business under the rules of decent and fair competition and do not unfairly discredit the reputation of competitors.

3.7 Community and society: The Company recognizes the importance of business development along with the development of good relationship with the community and society. With the strong policy, the company is not going to make any troubles to the surrounding community and society and usually be a part of contribution to develop the community and society for the better life together. The company also has plans to assist communities in many aspects, for example, helping to fund roadworks near the factory, granting scholarships and stationeries to neighboring schools in every Children's Day, donating money and property to temple and religious activities, etc. For more details, investors can consider at a section: "Corporate Social Responsibility Activities".

3.8 Environment: The company organizes the production process to care the environment according to the rules set out by the local district office. The company is often inspected by The Department of Industrial Works, Ministry of Industry of Thailand, to confirm that the company's production process and environment management are within the standard, never experienced the air pollution or toxic waste and do not cause any harm to the environment. Even though the business is a steel service center, so the noise of the production process may occur and steel scraps and oil waste may be left from the process, the Department of Labor Protection

and Welfare, Ministry of Labor has checked and ensured that the noise are managed in the proper way and are not over the limit of the rules. For the steel scraps, the company has gathered to sell to scrap dealers for delivering to recycle process. And for the oil waste from the machinery used, the company has properly stored in large containers for delivering to the company of waste water treatment. All these company's systematic efforts ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.

In addition, plant managers and plant engineers usually attend the special classes about energy-saving and environment management; in order to, study and adapt the knowledge to improve and develop operational procedures to reduce energy consumption of production processes or plant which this reduction success increases every year. Certainly, the purposes are not only the cost savings of the company, but also energy saving to the world which would help to alleviate the natural crisis, environment and communities of the world.

3.9 Government sector: The company strictly conducts its business complied with laws, rules and other regulations issued by government sector and never committed any severe illegal cases. Additionally, the company has strongly support anti-corruption or any fraud which might occur in both government and company sectors. If there is any corruption or fraud case in the company with precise evidences, the company would apply the maximum level of punishment, such as discharge with legal action, to encourage all management, directors and employees conforming to laws and regulations of the company and government sector.

The company always emphasizes that it is a duty of everyone, Board of Directors, Executive Directors, management team and all employees, to recognize and strictly conform the role of stakeholders.

Stakeholders also can request, criticize or give any advices to the Board of Directors via the following channel:

Whistle Blowing

According to the policy of good corporate governance, the company allows all employees and every group of stakeholders can be a whistle blower about illegal behaviors, unethical behaviors, breaking rules regulations or policy of the company, corruption, violating rights or giving advices, comments about operations management of the company or improving about good corporate governance of the company. The company provides the channel for Whistle Blowing as follows:

Corporate Secretary

CSP Steel Center Public Company Limited

Address: 475 Rama3 Road, Bangklo, Bangkulaem, Bangkok 10120

Telephone: (66)2-2916314 Ext. 212

E-mail: mana.sri@cspsteel.com

Corporate Secretary will gather information and directly coordinate to the Board of Directors

Or direct call to **Independent / Audit Committee** Telephone: (66)2-689-0801

Process of Whistle Blowing

The whistle blowing, complaint, comments, and any advices will be deliver to suitable director/committee consider depending on each different case. The Corporate Secretary may ask for more information or additional evidences to investigate and make a decision about penalty or pass the cases to other local legal officers. The Corporate Secretary will continuously report the feedback and resolution or decision of the cases to the whistle blower within 1-2 weeks (depending different cases).

Measure of Protecting Whistle Blower

The company will confidentially keep all information about whistle blowing. All processes and investigation will concern about safety of whistle blower, including all collaborative persons / witnesses to prove the truth, As a result, all related persons can ensure that they will not be negatively impacted by the whistle blowing to the company.

- **Disclosure of policies**

All company's activities that has undertaken to implement the above policies were shown in annual report in topics of "Corporate Social Responsibility Activities" and "Investor Relations Activities"

4. Disclosure and Transparency

The company realizes the importance of company's information disclosure in both financial and non-financial information to the public with accuracy, clarity, in time, easy to reach, equality and trusty, complied with the rules and regulations of SET and SEC.

- **Disclosure of information**

- 4.1 The company discloses transparency of company's financial information audited by the independent certified auditors complied with general accounting standard and non-financial information complied with the rules and regulations of SET and SEC.
- 4.2 The board presents its responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report.
- 4.3 The company explains a Management Discussion and Analysis (MD&A) for every year along with financial statements in Annual Report and Form 56-1 and for each quarterly financial statement in case of more than 20% change of financial status.
- 4.4 The audit and non-audit fees are disclosed in the annual report in the last part of topic: "Management Explanation and Analysis of Financial Statements" and in Form 56-1 at part 2, number 9.6: "Remuneration of Financial Audit".
- 4.5 The company discloses the roles and responsibilities of its committees, the number of meetings held, and attendance record of each director as shown in "Management Structure" in the annual report and in Form 56-1 at part 2, number 8.1: "The Board of Directors". Also, disclosure of committees/directors' resume, work experiences, professional education and training of its directors is in "Resume of Directors and Management" in the annual report and in Form 56-1 at Annex: "The Detail of Directors, Management, Authorized Directors and Corporate Secretary" as well.
- 4.6 Disclosure of remuneration policy, amounts of payment of each directors/committees/top-management are shown in "Management Structure" in the annual report and in Form 56-1 at part 2, number 8.4: "Remuneration of the Board of Directors and Management Team".

- 4.7 The company determined to disclose the directors and executives' shares holding which this information and its change shown in "the Report of Directors and Executives' Common Shares Holding" as the last part of this annual report.

- **Information disclosed on the company's website**

- 4.8 The company discloses the annual report and annual statements (Form 56-1) on the company's website for shareholders and investors to easily download them. Moreover, other important information of the company is available on the company's website as well such as vision and mission of the company, list of the board of directors and management, structure of major shareholders, resume of directors and management, notice/invitation of shareholders meetings, criteria/procedures and form for shareholders to propose agenda of shareholder's meeting and directors' nomination, Articles of Association of the company, Memorandum of Association, organization structure, Good Corporate Governance Report of the company, Code of Business Conduct, risk management policy, contact points of Investor Relations and Corporate Secretary., etc. Including, updating interesting news or activities which relating to shareholders and investors are shown or available to download files on the company's website: www.cspsteel.com

- **Exposing Information Policy of Insider**

The company set Information Policy to control all insiders of the company about exposing inside information before publication, including buying/selling security before publication as follows:

- 4.9 All directors and executives are responsible for reporting their own status of holding shareholders, including their spouse and underage children to the SEC. and Exchange Commission pursuant as the rule under Section 59 and punishments under Section 275 of the Securities Exchange Act of 1992
- 4.10 The company determined all directors and executives to report every change of their own status of holding shareholders to the SEC. and Exchange Commission pursuant as the rule under Section 59 of the Securities Exchange Act of 1992. Then, submitting every copy of report to the Board of Directors of the company at the same day and all reports have to been informed in the annual report.

4.11 The company will send a circular letter to confirm that executives who recognize the inside important information, which might affect to the change of security's price, have to been forbidden to buy or sell the company's security for at least 1 month before the financial statements and/or such inside important information will be published. Also, executives must not expose such inside important information to others.

The company set the punishments to any persons who expose the inside important information and impact on the company in the negative way. Those punishments are verbal caution, literal caution, probation, employment termination and discharge, depending on the degree of mistakes.

5. Responsibilities of the Board

5.1 Board Structure

- The board comprises of directors who have diversified skills, experiences, knowledge and those skills are valuable to the business of company.
- The board of the company has an appropriate number of its members and composed of 5 and no more than 12 directors.

Currently, the Board of the company comprises of:

- 3 Executive Directors
- 3 Non-Executive Directors
- 3 Independent / Audit Committees
- The board of the company has independent directors who comment on the performance of the management independently. The number of independent directors should meet or exceed SEC requirements. However, if the chairman of the board and the managing director /CEO of the company is the same person, or is not an independent director, or is a member of managing director/ CEO, or is a member of management, the independent directors shall make up more than 50% of the board.

Currently, the independent/audit directors of the company comprise of 3 directors who are qualified in knowledge, skills, experiences and have abilities to rigorous review financial performance and non-financial performance. Although, there are only 3 independent directors

represent 37.50% of total directors, the company plans to increase the numbers of independent directors in the future for showing good balance of power (more than 50% of the board). During the Annual General Meeting of the year 2014. (March 28, 2014) shareholders approved to set 4 Nomination and Remuneration Committees. The Nomination and Remuneration Committee is responsible to consider/review the remuneration of directors and management, select and present the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting.

- The independent/audit committees have served on the board not beyond 3 years and at least one of them has to be adequate specialized in accounting and finance in order to accurately and reliably review the company's financial statements. However, when the duration of holding the position of independent/audit committees is expired, they could be appointed to hold the position again as approval of the Annual General Meeting.
- According to the Articles of Association in topic number 3: Directors and Authorities of Directors, clause 18: in the Annual General Meeting, one-third of the Board of Directors shall retire by rotation, and if the number of directors cannot be divided exactly into three parts, closest to one-third of them shall be vacated and the first priority to retire is the director who has the longest period of holding the position. However, after they retire or vacated, they could be appointed to serve the position again as approval of the Annual General Meeting.

The period of holding the position of each director is shown in the annual report in topic of "Resume of Directors and Management" and in Form 56-1 at Annex: "The Detail of Directors, Management, Authorized Directors and Corporate Secretary". Every Annual General Meeting would have an agenda of considering to voting for new directors to replace the expired directors as the above mentioned Articles of Association

- The board states the policies regarding board positions in other firms according to the Articles of Association in topic number 3, clause 29: "the company prohibits any directors to be a partner or director of private companies, public companies, or any other organizations who operate business in the same industry as the company's and/or is a competitor of the company, except for acknowledging an approval from the board.
- The company has a Corporate Secretary who works as a recommender and informer the board about the points of law and regulations of SET, SEC, and any other related institutes, including oversee, follow up and coordinate all activities of the board.

Currently, the company has 1 Corporate Secretary. His/her name, responsibilities and authorities in details can be considered in the annual report, in topic of “board of directors structure” and subtopic: “Corporate Secretary” and in Form 56-1 at part 2, number 8.3: “Corporate Secretary”. His/her resume and experiences are disclosed in “Resume of Directors and Management” in the annual report and in Form 56-1 at Annex: “The Detail of Directors, Management, Authorized Directors and Corporate Secretary”.

- The board not only has abilities to monitor and review the accuracy and reliability of financial statement and other information of the company as well as is responsible for good corporate governance by preparing and monitoring the performance of all sections of the company to adhere to the policy. Also, they often keep on meeting to update and enhance the policy of good corporate governance to be appropriate with the current situation at least annually.

For the year ended 2019, The Board of Directors has already considered and reviewed the CG Code by means that are suitable to the company’s business at the Board Meeting 2/2020 and recorded an annual internal review of the implementation of the CG Code to be a part of the board’s meeting resolutions and recorded in “The Report of reviewing the implementation of the CG Code”. If there is any unapplied principles, the board shall consider to develop a plan, follow up, and oversee the conduct by prioritizing all principles to conduct into plan. All important comments and reasons of unapplied principles were recorded as well.

The Board will always receive the approval of the Annual General Meeting of Shareholders to remain such a position. For more details such as the scope of authorities, qualifications of directors and committees can be considered as a topic: “Board of Directors Structure” in this Annual Report or in Form 56-1 at part2, number 8: “Management Structure”

However, the board usually reviews to set or separate authorities and responsibilities of the board, directors, committees, CEO and management team; in order to be compliance with the business goals of the company.

5.2 Committees

Nomination and Remuneration Committee

- During the Annual General Meeting of the year 2014 (March 28, 2014), shareholders acknowledged the approval of setting 4 Nomination and Remuneration Committees.

- The majority of Nomination and Remuneration Committee of the company is independent directors at least 2/3 of all committees. The rest of them should be non-executives director and the chairman of the Nomination and Remuneration Committee of the company must be an independent director.
- The chairman of the board of directors is not either a chairman or a member of any committee, to ensure independence of the committees.
- The Nomination and Remuneration Committee will set its meetings at least 2 meetings in each year.
- The Nomination and Remuneration Committee has served on the board not beyond 3 years along with the terms of holding as a Director. However, when the duration of holding the position of Director is expired, they could be appointed to serve the position again as approval of the Annual General Meeting.

Corporate Governance Committee

- During the Annual General Meeting of the year 2019 (March 29, 2019), shareholders acknowledged the approval of setting 5 Corporate Governance Committee (CG Committee).
- The CG Committee shall comprise of at least one Independent Director, 2 Executive Directors and Executives or Manager who have reliable background about good behaviors according to regulations and policies of Good Corporate Governance of the company. In addition, they are friendly, have abilities to coordinate and communicate all policies/principles of Corporate Governance from the committee to allover operation levels of the company.
- The chairman of Corporate Governance Committee shall be an Independent Director.
- The meeting of Corporate Governance Committee should be occur for 2 time per year, but if there is any emergency case, the chairman of the committee may call for set up the meeting.
- The CG Committee has served on the board not beyond 3 years along with the terms of holding as a Director. However, when the duration of holding the position of Director is expired, they could be appointed to serve the position again as approval of the Annual General Meeting. However, CG committee members who are not Director of the Board shall be appointed to serve the position again as approval of the CG Committee Meeting by themselves.

For the responsibilities, authorities and other details can be considered in the annual report, in topic of “board of directors structure” and subtopic: “The Nomination and Remuneration

Committee”, “Corporate Governance Committee” and in the Form 56-1 at part 2, number 9.2: “The Board of Committees”

5.3 Roles and Responsibilities of the board

- The board’s duties and responsibilities should include reviewing and approving key business matters, such as the vision and mission of the company, strategy, financial targets, risks, major plans of action and budget, etc. Also, Monitoring and follow-up the compliance of management on approval policies and plans, internal control and risk management, governing long-term business operations, including employee development and succession plan.
- One of the board’s duties and responsibilities is participating in determination of the company’s vision and mission and reviewing approval of vision and mission in every year by collaboration with other executives in the meeting for the financial statements approval at the beginning of the year. In the meeting, the board will discuss with management executives to review and determine vision, mission and improve the business strategy to be appropriate with the current situation. The strategy planning is systematically set up. That is after the board has already considered and approved the latest operational results, the board will discuss with management team about reasons and methods to develop strategies for the upcoming year. They will concern many factors such as the current economic situation, steel world price, the customers’ market situation, competitors’ status and steel industry’s situation, etc. Moreover, they need to analyze all related risks to determine vision, mission, business policy and strategies in order to achieve the short/long – term objectives of the company. Then, the management team will apply the determined vision, mission, objectives and strategies to set the action plans, budgets and annual key performance indicator (KPI). Finally, the management team will propose those plans to the board to be reviewed and approved for the real practices in the next step.

The board of the company reviews and approves vision, mission, and business objective every year. At the board meeting 1/2019 on February 25, 2019, the board and the management team collaborated to review about vision, mission, objective and strategies, according with the current situations of steel and economic world.

- The board has a duty to determine the policy of positioning in other companies of CEO. Currently, the board of the company determined that CEO of the company cannot be a director

in other organizations, excepting for subsidiary company, holding company, affiliate company or any other company which the board approved.

- The board should set and approve a written corporate governance policy for the company and review the policy and compliance to the policy regularly, at least annually. Including, the board would follow up the results of conformity within organization about such corporate governance policy.
- The board encourages setting a written Code of Business Conduct for directors, management and all employees and it must be informed and communicated through overall sections of the company and everyone must conduct with transparency, honesty and morality. Also, compliance to the Code of Business Conduct should be closely monitored by the board.

At present, the company has the Code of Business Conduct for everyone in the company to conform and the board keeps monitoring the compliance to the Code of Business Conduct of everyone.

- The board should consider any conflict of interests thoroughly. Persons who have vested interests in a given transaction should not participate in decision-making process. The board should also monitor disclosure of transactions with conflict of interests to ensure accuracy and transparency.
- The board encourages the company setting a risks management policy to cover all risky activities/factors of the company, requests a report from management regularly to review and assess the effectiveness of risks management at least annually with the disclosure of risks management in the annual report and Form 56-1.

At present, the company sets the policy of risk management. The risk management assesses the situation of the economic world and country outlook at least three months in advance for analyzing the risks that may arise and creating the prevention policies. Then, these policies will be communicated through all involving departments and the company should submit monthly reports to the Board for follow up and controlling the implementation of such policies. For more information, shareholders and investors could consider the topic: “Risk Factors and Risks Management” and “Internal Audit System” in this Annual Report and in Form 56-1 at part 1, number 3: “Risk Factors” and part 2, number 11: “Internal Control and Risk Management”.

- The board should ensure that internal control system and risks management is adequate efficiency and disclose in the annual report and Form 56-1.

Currently, the company decided to use the outsource to do the evaluation, analysis, giving suggestion about internal system of the organization, financial audit, compliance audit, review the related transaction, doing the report and propose to the Audit committee and the Board of Director. The Internal Audit system has been audited by I.N.J. Audit, which is an independent party for observing and commenting the Internal Audit system to be an efficiency system.

The evaluation of the adequacy in Internal Audit System and risks management in details are shown in “Report of Independent / Audit Committee” and “Internal Audit System” in the annual report and in Form 56-1 at part 2, number 11: “Internal Control and Risk Management”.

- The board is responsible to clearly show the way of contact to Independent / Audit Committee via E-mail and telephone in case stakeholders need to criticize or complain to the company. The detail of Whistle Blowing is mentioned as the above part: “Roles of Stakeholders”.

5.4 Board meetings

- The company set the quarterly meeting to monitor the accuracy of financial statements and performance of the company. However, **the company will attempt to set the board of directors meeting at least 6 meetings within a year and for Audit committee, the company will convene the meeting regularly at least every 3 months.**
- The company set the policy that the minimum attending quorum to approve the resolutions of the Board’s meeting shall be at least two-third of all directors.
- Before starting a new year, the company will set the schedule of the board meeting for all through the new year. This schedule will cover in both the board of directors and committee, including date, time, month and venue, then deliver it to all directors and committees for preparing themselves to be available for every meeting that will occur within upcoming year.
- The Board of Directors and the Audit Committee **will be informed with all necessary documents at least 5 days in advance before the meeting day** for allowing them to consider all information thoroughly.

In the year 2019, there are 5 Board’s meetings which the detail of numbers of attending the meeting is shown as the previous part, topic: “Board of Directors Structure”, subtopic: “The Meeting of The Board of Directors” of this Annual Report.

- The chairman of the board and managing director set the board meeting agenda together and ensure that all important issues are included. Each member of the board should be free to propose an issue for a meeting agenda.
- All directors should attend at least 75% of all the board meetings held during the year.

Since the company set the meetings of the board of directors, all directors always attend the meetings more than 75% of all meetings.

- The chairman appropriately allocate the meeting time for complete management presentation and comprehensive discussion by the directors.
- The board encourages attending of top management to present and answer about related information to the board.

Since the company set the meetings of the board of directors, top management of the company always attends the meetings to provide managerial information in detail to the board.

- Non-executive directors/independent committees are be able to discuss among themselves without management team in order for them to freely debate their concerns.

According to meeting record of the company in 2019, there are 4 Independent Director/Audit committee's meetings, without attending of executives, which the detail of numbers of attending the meeting is shown as the previous part, topic: "Board of Directors Structure", subtopic: "Independent Director / Audit Committee" of this Annual Report.

According to meeting record of the company in 2019, there are 2 Nomination and Remuneration Committee's meetings the detail of numbers of attending the meeting is shown as the previous part, topic: "Board of Directors Structure", subtopic: "Nomination and Remuneration Committee" of this Annual Report.

According to meeting record of the company in 2019, there are 1 Corporate Governance Committee's meetings the detail of numbers of attending the meeting is shown as the previous part, topic: "Board of Directors Structure", subtopic: "Corporate Governance Committee" of this Annual Report.

Moreover, there are the meeting among only Non-Executive Directors which always occur prior to the Board of Directors Meeting start; in order to allow Non-Executive Directors have an opportunity to discuss, record questions together without worry about Executive Directors. So, they could bring those important points or questions into the meeting of the board after then. According to meeting record of the company in 2019, there are 5 Non-Executive Directors' meetings as follows:

Name of Non-Executive Director		Position	Attending Meeting / Total Meeting (times per year)
1. Mr. Charus	Khanchanakhajit	Chairman of Independent Director/Audit Committee, Chairman of Nomination and Remuneration Committee	5 / 5
2. Mr. Janram	Atthakrisna	Independent Director/Audit Committee, Nomination and Remuneration Committee	5 / 5
3. Mr. Chalermpong	Mahavanidvong	Independent Director/Audit Committee, Nomination and Remuneration Committee, Chairman of Corporate Governance Committee	5 / 5
4. Mrs. Panthipa	Chewthanasoontorn	Director	4 / 5
5. Pol. Gen. Vichien	Samarnpong	Director	5 / 5
6. Mr. Bunjerd	Somsem	Director, Nomination and Remuneration Committee	5 / 5

- There is a Corporate Secretary who has duties to oversee the activities of the Board, record minute, arrange all files for monitoring and coordinate the implementation of the resolution by the Board.

5.5 Board and executives' self-assessment

- The Board of Directors assesses their own performance annually to consider the consequences and problems for further improvement which members of the board assess the performance of

the board as a whole and on an individual basis. Criteria method and result of assessment are as follows:

1. Self-assessment of directors by the board

Criteria: regarding self-assessment form for the board of directors, the company implemented by adaption of SET's principles which can be divided into 2 parts:

Part 1: the board of director shall assess 6 issues as their comments to operation results. The 6 issues are as follows.

- 1) Structure and qualifications of the board of directors.
- 2) Roles, duties and responsibilities of the board of directors.
- 3) The board of directors' meetings.
- 4) The board of directors' working performance.
- 5) The board of directors' relationship and collaboration with the management team.
- 6) The board of directors' self-development and management team's development.

Part 2: The board of directors can comment or suggest any additional cases about operational performance of the board or any other operational performance of the company.

Assessment Method: the corporate secretary will submit the self-assessment form as the above criteria to all directors of the board at the end of every operation year. Then, the corporate secretary will gather and conclude the results to present at the first board of directors' meeting of the next year. The board of directors will review the results of assessment of the previous year and discuss to find the improvement ways together in every year.

2. Self-assessment of directors by individuals

Criteria: self-assessment form of directors for individuals can help each director to review and realize about responsibilities, principles and conducts that directors are supposed to do. Also, it can help the directors to develop themselves to work more efficiently. The assessment issues will accord with legal regulations, conducts and principles of SEC and SET. The issues are as follows:

- 1) Conducts and principles of implementation for directors.
- 2) Strategies determination, corporate governance and monitoring operations of the company.
- 3) Responsibilities to all stakeholders.

Assessment Method: the corporate secretary will submit the self-assessment form as the above criteria to all directors of the board at the end of every operation year. Then, the corporate secretary will gather and conclude the results to present at the first board of directors' meeting of the next

year. The board of directors will review the results of assessment of the previous year and discuss to find the improvement ways together in every year.

3. The results of self-assessment of the board of directors and committees in the year 2019 are as follows:

Types of Committees	Result of Average Scores in 2019	Satisfaction Level
1. Board of directors	91.43%	Excellent
2. Executive Committee	90.28%	Excellent
3. Independent/Audit Committee	91.67%	Excellent
4. Nomination and Remuneration Committee	98.44%	Excellent
5. Corporate Governance Committee	90.00%	Excellent
6. Individual	93.11%	Excellent

- Regarding assessment of executives or management team of the company, not only the above assessment every year, but the board of directors and shareholders also consider the financial performance of the year as a main factor, then consider in terms of good corporate governance whether executives can follow the policies and controls to ensure all employees follow policies that are defined or not, then comment and record into “The Report of reviewing the implementation of the CG Code” annually.

5.6 Remuneration

- Remuneration of Executive and Non-Executive Director should be in accordance with performance of the company, roles, responsibilities, skills, experiences and the board policy.
- Annual remuneration of the board and top management should not higher than average remuneration cost of other companies in SET and average remuneration cost of other companies in the same section of industry. The remuneration should be considered to the maximum benefit of shareholders.
- The annual remuneration of the board and top management must be approved by the Annual General Meeting.
- The annual remuneration of managing director and top management must be complied with the approval of by the Annual General Meeting.

According to the shareholder's meeting on March 29, 2019 the total remuneration of committee must not exceed Baht 2,000,000. Management Remuneration is the set of salary, remuneration, bonus and other revenues, excepting for salary and bonus of Executive Directors. In the year 2019, the company paid such Management Remuneration in amount of Baht 1,015,515.60; as a result, its number is complied with the approval of the Annual General Meeting which its detail is shown as the previous part, topic: "Board of Directors Structure", subtopic: "Directors / Committees and Management Remuneration" of this Annual Report.

- The Nomination and Remuneration Committee has responsibilities to fairly determine and review remuneration of committees and Top management/Executives in both financial compensation and non-financial compensation, then, present overall such remuneration in total numbers as a budget to the Board of Directors to consider, present to ask for approval of shareholders in the Annual General Meeting of the company, and communicate the approval of remuneration to managing director to improve performance.

- Audit Fee

The audit fee in 2019 consists of the annual audit fee of 470,000 Baht and reviewed the financial statements 150,000 baht per quarters and transportation fee did not exceed 60,000 Baht. SP AUDIT COMPANY LIMITED is an independent auditor whom doesn't have any relationship with the company.

In Addition, no pending fee having to pay in the future due to uncompleted agreement in the past fiscal year.

5.7 Board and management training

- The company encourages and facilitates training for all internal parties related to corporate governance such as directors, members of audit committee, executives, corporate secretary, etc. Training will enable them to continuously improve their performance. Training will conform to **"Policy of Human Resources Development"** which levels of Directors and Management shall be trained according to "3 Dimensions of Knowledge": Operational Knowledge, Strategic/Managerial Knowledge, and Developmental News/Knowledge as follows:
 - **Directors Level:** directors, committees and corporate secretary of the company. They are appropriate to be focus training on Managerial / Strategic Knowledge and Developmental News /

Knowledge. The company intends to motivate this level to attend training of Thai Institute of Directors (IOD), Stock Exchange of Thailand (SET), Securities and Exchange Commission of Thailand (SEC) and any other relating training programs in order to enhance their knowledge and understanding about roles, responsibilities and skills of being a director/ corporate secretary, including acknowledging a new relating rules or regulations of those institutions.

- **Executives / Management Level** are categorized in the same level as Management / Supervisor Level in the organization's training plan. This level are appropriate to be focus training on various knowledge but the executive management should focus training on Managerial / Strategic Knowledge and Developmental News / Knowledge more than general supervisors level such as various academic seminars: business strategies, global economic and financial outlooks which those concepts and data used to support decision making in management because they are the top leaders of the organization and have to determine the business policy and strategy to lead the organization to achieve the business objective together, even the organization have to face with the fluctuated economic situation. Also, the executive management who are the director as well should be trained by the same training program as director level.

In 2019, the company encouraged the board of directors, committees and executives to attend the suitable training as follows:

Date	Director/Committee/Executive	Position	Training Courses in 2019
31/1/2019	Wunthakarn Junthacot	Executive Vice President in Human Resources	Focus of Personnel Withholding Tax
8/4/2019	Mana Srivikanon	Accounting Manager / Corporate Secretary / CG Committee	Basic Understanding of ERP System
29/4/2019	Weerasak Chaisupat	Managing Director / Director / CG Committee	ITEM CODE and LOT NUMBER of new ERP System
29/4/2019	Piyarat Sawatdee	Executive Vice President in Sales and Marketing	ITEM CODE and LOT NUMBER of new ERP System
2/5/2019	Weerasak Chaisupat	Managing Director / Director / CG Committee	How to use ERP System for basic working processes (Purchasing)
2/5/2019	Chatchai Pengmeesri	QMS Manager / CG Committee	How to use ERP System for basic working processes (Purchasing)
5/6/2019	Piyarat Sawatdee	Executive Vice President in Sales and Marketing	How to use ERP System for basic working processes (Sales)
10-12/6/2019	Kritsada Chaisupat	Executive Vice President in General Management / Director / CG Committee	How to use ERP System for basic working processes
10-12/6/2019	Chatchai Pengmeesri	QMS Manager / CG Committee	How to use ERP System for basic working processes
13-14/8/2019	Chatchai Pengmeesri	QMS Manager / CG Committee	Public Training: Determination and Applying of Statistic Process Controlling
21/8/2019-15/1/2020	Kritsada Chaisupat	Executive Vice President in General Management / Director / CG Committee	Advanced Master of Management Program (Class No. 4)
21-22/8/2019	Chatchai Pengmeesri	QMS Manager / CG Committee	Public Training: Analysis of Potential and Impact Conflication
24/10/2019	Chatchai Pengmeesri	QMS Manager / CG Committee	Advance Products Quality Planning : APQP
28/10/2019	Chatchai Pengmeesri	QMS Manager / CG Committee	Course of Offering for Production Parts Certification Approval
2/11/2019	Wunthakarn Junthacot	Executive Vice President in Human Resources	Business Ethics and Anti-Corruption for the year 2019
2/11/2019	Mana Srivikanon	Accounting Manager / Corporate Secretary / CG Committee	Business Ethics and Anti-Corruption for the year 2020
16/12/2019	Mana Srivikanon	Accounting Manager / Corporate Secretary / CG Committee	Seminar of Accounting Case Studies by Auditors

- Every **new directors will be provided with all documents and information that are useful to perform their duties**, business objectives, major goals, mission, vision, organization culture, including an introduction to the nature of the business and the operations of the company **by the chairman of the board**.
- The board shall establish a succession plan for executives. The managing director shall report to the board about the plan in every year.

Currently, the top management of the company is members of Chaisupat family who are eligible, knowledgeable and have experiences in working with the company and in the steel business for long. In addition, the current president always transfers his knowledge and experiences to other top management who are members of the family till most of them can perform instead of each others. Also, managing director annually reports the succession plan to the board and encourages successors training both in-house and in other professional institutions. However, the Board still considers and searches for eligible executives who have knowledge and experiences in the steel business to become a part of top management team for further developing growth of the company.

Except for 5 categories of this Principles of Good Corporate Governance of the company, there are another 2 points that the board also concerns:

- The clear separation of responsibilities between the Board and management

The company has set the responsibilities between the Board and the management of the company clearly. The management team, including Chief Executive Officer and President has the primary responsibility to manage the operations of the company according to policy, Plan and budget that approved by the Board, also work as assignee of the Company to manage all business affairs of the company to comply with the rules, regulations and reaching the mission of the organization. On the other hand, the board has a main duty to determine the policy of the Company, approve the investment projects, assign the Board of Executive Directors and Audit Committee, inspect the adequacy of internal control and management in other sections, etc.

The separation frame of responsibilities among the Board of Directors, CEO and Management Team shown as follows:

- Matters for which the board has primary responsibility:
 - a) Defining objectives and business model.
 - b) Developing culture of compliance and ethical conduct, and lead by example.
 - c) Strengthening an effective board structure and practices conducive for achieving the company's objectives.
 - d) Ensuring suitable CEO selection, remuneration, development, and performance evaluation.
 - e) Ensuring appropriate compensation architecture that supports achievement of the company's objectives.
- Matters involving shared responsibility of the board and management:
 - a) Formulating and reviewing policies and strategies, plans and targets.
 - b) Ensuring robust system for risk management and internal control.
 - c) Clearly defining management's responsibilities.
 - d) Overseeing appropriate policies and plans for resource allocation, including HR, IT, and budgeting.
 - e) Monitoring and evaluating financial and non-financial corporate performance.
 - f) Ensuring integrity of financial and non-financial information disclosures.
- Matters that the board should delegate or not get involved with:
 - a) Engaging in activities which under normal circumstances are not expected roles of the board, including day-to-day management and decisions (such as procurement and staffing), ongoing monitoring that conduct and operations are in compliance with the company's policies, strategies, plans, and applicable law and standards.
 - b) Not getting involved in or influencing matters in which a director may have vested interests.

- The Aggregation or Segregation

The Board of Directors, the Executive Committee and Management have the freedom of choice and clear separation of power and authority. The Managing Director and CEO shall not be the same person. But both of them may represent a group of major shareholders in the same group, so that important decisions need to be approved by committee of every group. In particular, the independent committee will need to play a big role in recommendation as a result of the balance of administration scrutinizing.

CORPORATE SOCIAL RESPONSIBILITY

More than 20 years that CSP Steel Center., Pcl. realizes not only the significance of good management to achieve business goals but also the significance of business ethics and good corporate governance as the vision: **“We aim to be the one-stop service of high quality steel service center that satisfies the customer’s needs of various industries and to be a significant source who provides high quality steel material to such customers in order to enhance their competitive advantages regarding competition as domestic level, ASEAN level and global level. All these contributions are conducted to achieve the main purpose of sustainable growth together among the company, customers, trading partners and the nation.”** And the mission: **“We concentrate on operating as a professional steel service center that satisfies our customers with high quality steel products and services, punctual delivery and always keep improving and developing such quality with strategically focusing on Value-Added Products and Services to meet the customer’s needs of various industries, along with Ethical Business Operation relating to all stakeholders for the sustainable growth”.**

Policy of Corporate Social Responsibility

The company realizes to take responsibilities to overall stakeholders and care of society, community and environment along with the company’s business operation: Corporate Social Responsibilities: CSR. Significantly, the company determines **“Role of Stakeholders Policy”**, customers, employees, suppliers, trading partners, shareholders, accounts payable, competitors, governmental sections, communities and environment, through all the value chain of the company, then communicates and encourages everyone to conform. Last but not least, there are an inspection of feedback of conformation and often review the policy to improve it for implementation in the next year. The purpose is that the company would grow up and receive benefits along with all stakeholders’ benefits as defined in the company’s vision: **“Keep Growing Together”**

However, the company’s Policy of CSR could be divided into 2 parts:

- CSR In Process
- CSR After Process

The company follows CSR guidelines of SET which are can be defined into 8 principles as follows:

1. Business Ethics
2. Anti - Corruption

3. Respect for Human Rights
4. Fair Treat to Employees
5. Responsibility to Consumers
6. Environment Policy
7. Community Development
8. Innovation and Distribution of Innovation to Community

1) Business Ethics

The company and the Board of Directors realize the rights and importance of overall stakeholders, including customers, employees, trading partners, suppliers, shareholders or investors, creditors, competitors, community, environment and government sector. The company and the Board of Directors believe that a good relationship between the company and those stakeholders is significant factors of the company's earning and financial stability. Also, it creates sustainable growth to both the company and those stakeholders. (For more details, please consider as title: "Good Corporate Governance Report", sub-title: "Role of Stakeholders" in the Annual Report)

Additionally, the company has a good relationship policy with every sectors; for example, attending a member of "Metal Tube and Cold-Forming Steel Association" which shows that the company well cooperate with trading partners and even competitors to share business information and commerce for sustainable growth of the domestic steel industry.

2) Anti – Corruption

The company not only seriously conform the rules and regulations of the government sectors, but also anti – corruption that might occur within organization or between government sectors. The punishment could be highest to discharge and properly take legal action for motivating all employees to respect and conform the rules of the company and government sectors. Also, there is "Code of Business Conduct" of the company for employees is communicated through all over the company to learn and implement, including setting train employees about Anti-Corruption annually.

Internal operations of the company were designed to ensure about power balance among employees and departments in almost every step which could prevent corruption within the company or among other organizations. Also, the company hires I.N.J. Audit to be internal audit, inspect, review operation systems, and report to Independent/Audit Committee. However, the Board of Directors and Independent/Audit

Committee allow all insiders and outsiders of the company to complain, inform, or sending clues to them via the following channel:

Whistle Blowing

According to the policy of good corporate governance, the company allows all employees and every group of stakeholders can be a whistle blower about illegal behaviors, unethical behaviors, breaking rules regulations or policy of the company, corruption, violating rights or giving advices, comments about operations management of the company or improving about good corporate governance of the company. The company provides the channel for Whistle Blowing as follows:

Corporate Secretary

CSP Steel Center Public Company Limited

Address: 475 Rama3 Road, Bangklo, Bangkolaem, Bangkok 10120

Telephone: (66)2-2916314 Ext. 212

E-mail: mana.sri@cspsteel.com

Corporate Secretary will gather information and directly coordinate to the Board of Directors

Or direct call to **Independent / Audit Committee** Telephone: (66)2-689-0801

Process of Whistle Blowing

The whistle blowing, complaint, comments, and any advices will be deliver to suitable director/committee consider depending on each different case. The Corporate Secretary may ask for more information or additional evidences to investigate and make a decision about penalty or pass the cases to other local legal officers. The Corporate Secretary will continuously report the feedback and resolution or decision of the cases to the whistle blower within 1-2 weeks (depending different cases).

Measure of Protecting Whistle Blower

The company will confidentially keep all information about whistle blowing. All processes and investigation will concern about safety of whistle blower, including all collaborative persons / witnesses to prove the truth, As a result, all related persons can ensure that they will not be negatively impacted by the whistle blowing to the company.

3) Respect for Human Rights

The company respects about Human Rights by fair conduct and opportunity from every lower – position employees to executives or even new job applicators. The company does not support all types of discrimination: religion, races, genders, and ages if applicators are qualified for a job position as job description defined. The board of Directors also inspect all process and employees' behavior, regarding Human Rights.

The company always encourages all employees to concern about Human rights by communication of Human Resources department. However, if there is any confliction of Human rights, employees can inform to the Human Resources department or to Corporate Secretary, or channel of Whistle Blowing as shown in the previous part.

4) Fair Treat to Employees

The company treat to domestic and international labors equally. There are no any discrimination (refer to “Respect for Human Rights”), no labor force, respect to rights and freedom as Labors Law, fair hiring conditions, providing adequate / safe equipment, motivating welfare, developing quality of labors' life, professional training and fair job promotion. Besides, the company supports hiring in the fragile employees group such as disable labor (for some appropriate positions), elderly labor (the company allows retired employees who still want to work, continue working with the company by signing annual hiring agreement), etc.

Because of continuous conforming the above policy, the company has never faced to severe confliction about labors. The company always concerns that not only efficient power of machine to develop the company, but also professional labors, proficient employees and strategic executives to maintain and grow up the company sustainably.

However, the company allows employees can inform complaint to the Human Resources department or to Corporate Secretary, or direct phone number: (66)2-689-0801 to Independent/Audit Committees, or submitting case to Department of Labor.

(For more details, please consider as title: “Good Corporate Governance Report”, sub-title: “Role of Stakeholders-3.2 Employees” in the Annual Report and Part 2 number 9: “Good Corporate Governance” title: “Rights and Role of Stakeholders Policy” - 3.2 “Employees” in Disclosure report: Form 56-1)

5) Responsibility to Consumers

Although the products of the company are not consumer product, the company still concerns about responsibility to consumers due to industrial customers use the company's products as their materials. The company has a strong commitment to provide safe and high quality products and services to customers for producing the best finished goods to end-users. Consequently, the company's responsibility to consumers is related to policy of responsibility to customers which could be described as follows:

- Fair and proper Pricing. It is not only fair to customers, but also help to maintain balance of market price mechanism. Because steel is a commodity product, over-below fair price could impact on total steel price market and it will affect to business of trading partners, competitors, customers and finally consumers.
- Truly, fairly and accurately information to customers. Because if customers misunderstand about specification of steel material, they might produce the under - standard products which would harm consumers or end-users.
- Materials of the company in both hot rolled steel and cold rolled steel products are approved by TISI related to compulsory for steel product. Also, the company always has a good relationship with TISI.
- The company concerns about private information of customers. The company keeps customers' information as confidential information; for example, pricing, specification of steel by order. Those information will not be exposed except for allowance form customers.
- Guarantee and After Sale Service. If the company's product is not qualified as ordered, the company's QC staffs will go to inspect and fix the problems or the products would be claimed by paying fair money back or changing a new proper ones.
- Policy of continuous development of products and services. The company concerns about developing products and services to achieve higher and safer standard. Including, keep providing more various types of materials to satisfy all customers and consumers' needs in the future.
- To fairly maximize benefits to consumers, the company usually cooperate with customers in many both business activity and general activities.

(For more details, please consider as title: "Good Corporate Governance Report", sub-title: "Role of Stakeholders-3.1 Customers" in the Annual Report and Part 2 number 9: "Good Corporate Governance" title: "Rights and Role of Stakeholders Policy" - 3.1 "Customers" in Disclosure report: Form 56-1)

6) Environment Policy

Environment policy of the company related to the regulations of district office which defined principals as follows:

6.1 Prevention of Pollution

- Steel Service Center could create loud noise from cutting machine. However, the production of the company attempts to control the degree of such noise within safety limit as Department of Labor Protection and Welfare defined.
- The company set the rules for all employees who work in the factory to wear safety equipment for preventing from pollution and accident that could occur from a job. Also, supervisors has to usually inspect and follow up their conduct.
- Policy of reducing pollution from production process. The company encourage employees concern about cleanness and environment such as 5S campaign for maintaining cleanness of job area. Also, factory supervisors and QCM Supervisors have to usually inspect and follow up their conduct.
- The company has a policy to cooperate with community about environment by donating in labor, equipment or fund, depending on different situation.
- The company always plans to maintain or improve the efficiency of machines and equipment; in order to not only the benefit of efficient production, but also saving energy and decreasing on noise and waste pollution from the machines and equipment.

6.2 Sustainable Resource Use

- The company's factory supports recycling of waste, leftover from production; for example, steel scrap from production would be gathered for selling to steel scrap traders to recycle system, engine oil from machine would be kept in proper closed containers for selling to entrepreneur relating waste treatment, steel straps or wood crates, that used for banding or planking steel, would be gathering for proper selling as well. In the part of office location, the company provides a separate trash bin for recycle trash.
- To be organization culture, the company always educates and supports employees about knowledge of environmental management by creating many relating activities.

- Plant managers and plant engineers usually attend the special classes about energy-saving and environment management; in order to, study and adapt the knowledge to improve and develop operational procedures to reduce energy consumption of production processes or plant which this reduction success increases every year. Certainly, the purposes are not only the cost savings of the company, but also energy saving to the world which would help to alleviate the natural crisis, environment and communities of the world.

6.3 Climate Change Mitigation and Adaptation

- The company is only Steel Service Center, not upstream steel producer or milling, and the company's production is only about cutting and piping which having cooling system; therefore, there is no any hot pollution from production which is one factor of Climate Change. However, the company still usually inspects about status of production and risks that might impact on Climate Change. Also, the company keeps maintaining and improving all machines such as improving cooling system of piping machine to reduce waste and enhance safer the energy, etc.
- Executives of the company support to planting big trees all around factory area to reduce, mitigate Climate Change and create better environment for job area.

6.4 Protection of the Environment, Biodiversity, and Restoration of Natural Habitats

- Before expanding production plan, the company would evaluate location, surrounding and environment whether it will harm or impact on a negative way more than Ministry of Industry determined.
- More than 20 years that the company always realizes the environment concern along with development of production because environment seems like one of stakeholders which can help the company to sustainably grow up.
- Related staffs of the company are allowed to train about Protection of the Environment, Biodiversity and Restoration of Natural Habitats to develop and improve factory's environment.
- The company motivates Protection of the Environment to be an organization culture by rewarding and punishment as different situation.

As the above conducts and principles, the company usually inspected by Department of Industrial Works, Ministry of Industry and all results are in limit as determined and never have problems about

pollutions of noise, climate, poison or polluted water, also never faced to any other environmental confliction with community.

7) Communities Development

The company always realizes to develop organization along with good relationship with society and community. The important policy about it is growth of the company must not harm or irritate society and community and cordially cooperate with them to develop our community. Moreover, the company has a policy to grant assistance, receive complaint and exchange attitude to develop near society and community together. The examples of such activities are donating scholarships to students and schools, attending local cultural and traditional activities, supporting religious activities, donating and helping victims of natural disasters, supporting hiring local labors to distribute revenue within near community, attending “White Factory” (Anti – Narcotic in factory) Campaign to support non-harm society and community, supporting providing or availability of foods and other significant products for low-revenue people in community, including alliance with government sectors and other private associations to develop society and community with the company’s knowledge, resource, and skill.

(For more details, please consider as title: “Good Corporate Governance Report”, sub-title: “Role of Stakeholders-3.7 Community and Society” and Pictures in Part 2: “CSR after Process Activities” in the Annual Report)

8) Innovation and Distribution of Innovation to Community

The company motivates all employees to create new innovation that could improve efficiency of production process, work-flow of operation, information management, documentation, or even management system. Those innovation not only enhances value to the business, but also should benefit to environment, society, community and other stakeholders. Lastly, the company have a policy to protect confidential knowledge or patent of other people or organization, same as own assets as well.

Moreover, currently, Information Technology Department of the company has invested and developed many IT equipment, hardware, programs, software and designing Framework of recording and managing internal information of the company to be safe, effectively use and saver the energy/resources. Including,

investing the project of Enterprise Resources Planning (ERP System) to connect all operation's information into one system. The benefits from ERP would not only for the company, but better receiving-responding-processing-recording-managing information of the company also create effectively response and benefits to all stakeholders of the Value Chain: customers, employees, trading partners, shareholders, creditors, competitors, government sector, community/society and environment. For example, more efficient sales volume analysis report from ERP would help the company to accurately order the material volume, production can produce faster and more precise specification of products as customers' request, when production knows or can estimate more exact specification from customers, waste/pollution from production would be decreased, fixing or repeating production for one order would be decreased, saving energy, better environment and better community. Besides, ERP can create the report of waste from production to let management acknowledge and learn to find the reasons, solutions to decline waste/mistakes from the production. Finally, these can benefit to both company and environment / community.

Reporting Process

The process of reporting started with thorough consideration of the Board of Directors about 9 stakeholders: customers, employees, trading partners, shareholders, accounts payable, competitors, society and community, environment and government sectors. The related policy and principals of the company are adapted from CSR Principles and guidelines of SET which currently determine 8 principles as describe above. However, the company would attempt to drill down into more details and cover other important aspects in the near future by applying “CSR Compass” of Securities and Exchange Commission and then, develop to “Global Reporting Initiative: GRI”. Including, during attempt of learn how to create “Sustainability Report” according to SET for distribution in the future.

For implementing those policy of CSR in Process, the company has already communicate principles and guidelines to all employees and assigned supervisors of each department to inspect and report to Executive Vice President in Human Resource and / or Corporate Secretary who will gather all information and report to the Board of Directors for improving better principles for the next level which the board's comment/advice would be recorded in **“The Report of reviewing the implementation of the CG Code”** annually (principles in CG Code 2017 included matters about CSR already such as labors, consumers,

community and environment which all are the stakeholders matter in CG Code) Importantly, every part of business process: production, other supporting department and management team have to concern and conform to such principles strictly and fairly in order to confirm that the company fairly operate business, concern environment, anti – corruption and respect rights and roles of stakeholders. The Board of Directors appointed “Corporate Governance Committee” and the Annual General Meeting of Shareholders on March 29, 2019 already acknowledged this appointment to directly take responsible of CSR principles and guidelines, improve such principles, inspection, controlling, evaluating and developing KPI to evaluate all over connecting parts of the company.

Impact about CSR from Business Operation

In current, the company’s business operation and process have never breached the regulation about CSR as determined by SET (above 8 principles) and all implementation is still along with such 8 principles with no any negative impact on society, community, environment or other stakeholders.

CSR after Process Activities

The company always encourages business development along with CSR. The board of directors realizes that sustainable business existence and achievement are comprised of strong internal structure and society. Consequently, the board of directors impels to create many CSR after Process Activities; for instance, working environment, physical and mental health care of employees, working safety, environmental concern, community and social responsibilities. In year 2019, the company’s CSR after Process Activities were as follows:



1. On January 12, 2019, as the National Children's Day, CSP Steel Center., PCL prepared the kids' school bags to distribute to children where are located near CSP factory: Wat-Chommit School, Suksawad Nursery School, Klongnakluenoi school, Subdistrict Administrative Organization (SAO) Moo. No. 6- Nai Klong Bangprakod and Village Health Volunteer Moo. No. 6. Including, kids who are descendants of CSP employees.



2. Deputies of CSP Steel Center., PCL attended to choose a winner in the activity: "selection of video clip nomination about good practices campaign: 8th Dee-Kan-Na Project" on February 12, 2019 at auditorium of Chulalongkorn University. This project was created by Chulalongkorn University to support and motivate students and Thai people to realize importance of good and ethical practices for society and nation.



3. CSP received the silver-level certificate of Management of safety, occupational health and working environment in the workplace from Department of Labour Protection and Welfare on April 23, 2019.



4. On July 9, 2019, Mr. Kritsada Chaisupat, Director and Executive Vice President in General Management, was a deputy of CSP Steel Center., PCL to donate scholarships and lunch funds to low revenue students of Wat Ratchabophit School, Bangkok

Anti – Corruption Policy

The company not only seriously conform the rules and regulations of the government sectors, but also anti – corruption that might occur within organization or between government sectors. Currently, **the company’s already determined Anti-Corruption is one of the corporate governance policy of the company according to CG Code**, which the board has a responsibility to follow up and oversee all conduct of everyone in the company to conform the laws and all regulations relating to “forbidden bribing or supporting corruption” and follow up the conduct of 5 Anti-Corruption Principles, including reviewing suitability of such policy annually.

5 Anti-Corruption Principles:

1. **Evaluation Risk of relating to Corruption of the company:** the company evaluates such risk throughout all operations of the company. If there are any risks of requesting for benefits or showing unfair power/authority, supervisors and management would present the issues to the executives or corporate secretary to consider and find the preventive method for such risk in the next step.
2. **Determining conduct to control, prevent, and follow up the risk of corruption:** in current, the management team designed all operation processes in the company with authority balance between authorized persons in each department. Also, there are verification systems among employees and departments in almost every stage; in order to prevent internal corruption or external corruption. Moreover, the company attempts to force many functions to work with IT system because it help operation processes could run fairly and could be verified.
3. **Communicating and training to employees about Anti-Corruption Policy and Conduct:** the company communicates, encourages and educate all employees to conduct along with laws and regulations of both company and government which the company determined “Code of Business Conduct” for all employees to conform (as shown in website of the company and announcement at the workplace). However, if there is any sudden risky situation, the management team would order HR department to announce and communicate about such risky

situation and penalty to allow employees acknowledge case by case. Besides, the Board of Directors and Independent/Audit Committee allow all insiders and outsiders of the company to complain, inform, or sending clues to them via Corporate Secretary, or via the channel as shown above in principle of CSR number 2: “Anti-Corruption”. The HR department also determined Anti-Corruption Policy and Conduct to be a part of Annual Training Courses of the company.

4. **Method of follow up and evaluation of Anti- Corruption Conduct:** Not only following up by management team and corporate secretary, but The Board of Directors also appointed “Corporate Governance Committee” and the Annual General Meeting of Shareholders on March 29, 2019 already acknowledged this appointment to take these responsibilities with management team and corporate secretary to direct report the results to the board for evaluating, reviewing the appropriation and risky operation processes in the company and giving comments which would be recorded in “The Report of reviewing the implementation of the CG Code” annually.
5. **Allowing Audit Committees and Auditor of the company examine and comment completion of all over operation processes of the company:** the company hires I.N.J. Audit to be internal audit, inspect, review operation systems, and report to Independent/Audit Committee and the board to consider the effectiveness of operation processes of the company.

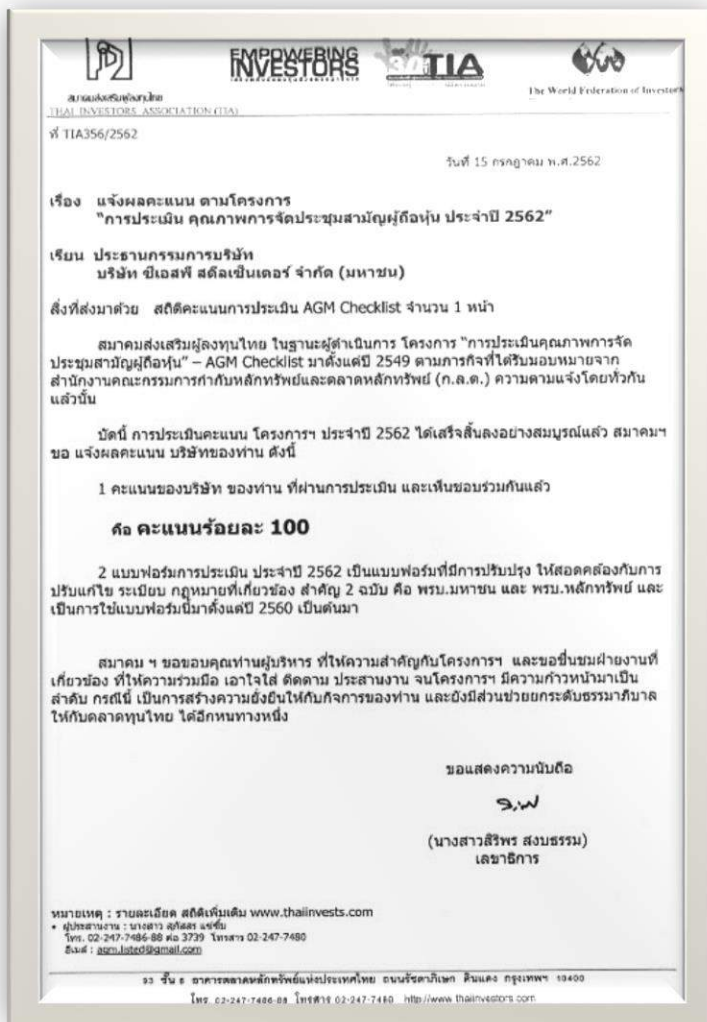
The company currently does not sign to be one of “companies of Thailand's Private Sector Collective Action Coalition Against Corruption's Declaration of Intent” by Thailand's Private Sector Collective Action against Corruption (CAC), because the company tried to learn and self-assessed about 71 principles and realized that the company is not be ready yet. The company has both office and factory levels of employees. Some departments still need more time to be educated and improved. As the regulation, if the company signs to this campaign, the company must strictly conform within 18 months. As a result, the company still needs more time for well preparation and improvement of the organization to ensure conformation ability to all those principles.

However, as the above policy and strong concerns of the Board of Directors, it proves that the company still intends and realizes about importance of Anti-Corruption and keep controlling all employees

to conduct Anti – Corruption in both internal operation system and with other outside sectors, including government sectors.

Investor Relations Activities

The company encourages practices of CGR, including transparency and disclosure of operation and information to the public as the practices of Corporate Governance Report of Thai Listed Companies (year 2012). According to concerning “Rights of Shareholders” and “Disclosure and Transparency”, the company strongly creates and supports activities of Investor Relations. In the year 2019, the company’s Investor Relations Activities were as follows:



1. CSP gained 100% scores of AGM Quality Evaluation for the year 2017 and 2019 (3 years consecutive) by TIA
- With the effort of our Management and IR Team, CSP Steel Center., Pcl. gained 100% scores of AGM Quality Evaluation for the year 2017 and 2019 (3 years consecutive) by Thai Investors Association (TIA), who supported by SET and SEC.

Companies with Very Good CG Scoring by alphabetical order



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No	Symbol	Public Company Limited	No	Symbol	Public Company Limited	No	Symbol	Public Company Limited
1	ZS	ZS METAL	44	CENEL	CENTRAL PLAZA HOTEL	87	ICN	INFORMATION AND COMMUNICATION NETWORKS
2	ABM	ASIA BIOMASS	45	CGH	COUNTRY GROUP HOLDINGS	88	IFS	IFS CAPITAL (THAILAND)
3	ADB	APPLIED DB	46	CHS	CHULARAT HOSPITAL	89	IVET	INTERNET THAILAND
4	AF	AURA FACTORING	47	CHOTI	KWANG HUAT SEA GULL TRADING FROZEN FOOD	90	INSURE	INDARA INSURANCE
5	AGE	ASIA GREEN ENERGY	48	CHOW	CHOW STEEL INDUSTRIES	91	IRC	INOUE RUBBER (THAILAND)
6	AH	AAPICO HITECH	49	CI	CHARIN ISSARA DEVELOPMENT	92	IRCP	INTERNATIONAL RESEARCH CORPORATION
7	AHC	AIKHOI HOSPITAL	50	CMBT	CMIB THAI BANK	93	IT	IT CITY
8	AIT	ADVANCED INFORMATION TECHNOLOGY	51	CNS	CAPITAL NOMURA SECURITIES	94	ITD	ITALIAN-THAI DEVELOPMENT
9	ALLA	ALLA	52	COLOR	SALEE COLOUR	95	ITEL	INTERLINK TELECOM
10	ALT	ALT TELECOM	53	COM7	COM7	96	J	JAS ASSET
11	AMANAH	AMARAH LEASING	54	COTTO	SCG CERAMICS	97	JAS	JASMINE INTERNATIONAL
12	AMARIN	AMARIN PRINTING AND PUBLISHING	55	CRD	CHIANGMAI RIVIDOI	98	JCK	JCK INTERNATIONAL
13	APCO	ASIAN PHYTOCEUTICALS	56	CSC	CROWN SEAL	99	JCKH	JCK HOSPITALITY
14	APCS	ASIA PRECISION	57	CSP	CSP STEEL CENTER	100	JMART	JAY MART
15	AQUA	AQUA CORPORATION	58	DCC	DYNASTY CERAMIC	101	JMT	JMT NETWORK SERVICES
16	ARIP	ARIP	59	DCON	DCON PRODUCTS	102	JWD	JWD INFOLOGISTICS
17	ASAP	SYNERGETIC AUTO PERFORMANCE	60	DDD	DD DAY DREAM	103	KBS	KHONBURI SUGAR
18	ASIA	ASIA HOTEL	61	DOD	DOD BIOTECH	104	KCAR	KRUNGTHAI CAR RENT AND LEASE
19	ASIAN	ASIAN SEAFOODS COLD STORAGE	62	EASON	EASON PAINT	105	KGI	KGI SECURITIES (THAILAND)
20	ASIMAR	ASIAN MARINE SERVICES	63	ECL	EASTERN COMMERCIAL LEASING	106	KIAT	KIATTANA TRANSPORT
21	ASK	ASIA SERMIU LEASING	64	EE	ETERNAL ENERGY	107	KOOL	MASTERKOO INTERNATIONAL
22	ASN	ASN BROKER	65	EPG	EASTERN POLYMER GROUP	108	KWC	KRUNGDHEP SOPHON
23	ASP	ASIA PLUS GROUP HOLDINGS	66	ERW	THE ERRAWAN GROUP	109	KWM	K. W. METAL WORK
24	ATP30	ATP30	67	ESTAR	EASTERN STAR REAL ESTATE	110	L&E	LIGHTING & EQUIPMENT
25	AUCT	UNION AUCTION	68	ETE	EASTERN TECHNICAL ENGINEERING	111	LALIN	LALIN PROPERTY
26	AYUD	ALIANZ AYUDHYA CAPITAL	69	FLOYD	FLOYD	112	LANNA	THE LANNA RESOURCES
27	B	BEGISTICS	70	FN	FN FACTORY OUTLET	113	LDC	LDC DENTAL
28	BA	BANGKOK AIRWAYS	71	FNS	FINANSA	114	LHK	LOHAKIT METAL
29	BBL	BANGKOK BANK	72	FORTH	FORTH CORPORATION	115	LOXLEY	LOXLEY
30	BDMS	BANGKOK DUSIT MEDICAL SERVICES	73	FPI	FORTUNE PARTS INDUSTRY	116	LRH	LAGUNA RESORTS & HOTELS
31	BEC	BEC WORLD	74	FPT	FRASERS PROPERTY (THAILAND)	117	LST	LAM SOON (THAILAND)
32	BEI	BANGKOK EXPRESSWAY AND METRO	75	FSMART	FORTH SMART SERVICE	118	M	MK RESTAURANT GROUP
33	BFIT	SIRISAWAD FINANCE	76	FSS	FINANSIA SYRUS SECURITIES	119	MACO	MASTER AD
34	BGC	BG CONTAINER GLASS	77	FVC	FILTER VISION	120	MAJOR	MAJOR CINEMPLEX GROUP
35	BGRIM	B.GRIM POWER	78	GENCO	GENERAL ENVIRONMENTAL CONSERVATION	121	MBAX	MULTIBAX
36	BIZ	BUSINESS ALIGNMENT	79	GIS	G.I. STEEL	122	MEGA	MEGA LIFESCIENCES
37	BIC	BERU JUCKER	80	GL	GROUP LEASE	123	METCO	MURAVIOTO ELECTRON (THAILAND)
38	BUCI	BIC HEAVY INDUSTRIES	81	GLOBAL	SIAM GLOBAL HOUSE	124	MFC	MFC ASSET MANAGEMENT
39	BLA	BANGKOK LIFE ASSURANCE	82	GLOW	GLOW ENERGY	125	MRK	M.K. REAL ESTATE DEVELOPMENT
40	BPP	BANPU POWER	83	GULF	GULF ENERGY DEVELOPMENT	126	MODERN	MODERN FORM GROUP
41	BROOK	THE BROOKER GROUP	84	HPT	HOME POTTERY	127	MOONG	MOONG PATTANA INTERNATIONAL
42	CBG	CARABAO GROUP	85	HTC	HAAD THIP	128	MPG	MPG CORPORATION
43	CEN	CAPITAL ENGINEERING NETWORK	86	HYDRO	HYDROTEK	129	MSC	METRO SYSTEMS CORPORATION

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2018 to 25 October 2019) is published.

* บริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย ซึ่งได้รับการประเมินผลในระดับ "Good" หรือ "Very Good" หรือ "Excellent" ตามเกณฑ์การประเมินผล CGR ของสถาบัน IOD ประจำปี 2562

2. CSP gained very good CG Scoring in 2018.

Thai Institute of Directors Association (IOD), supported by The Stock Exchange of Thailand (SET), announced that CSP gained very good CG (Corporate Governance) Scoring: 88% in 2018.

<http://www.thai-iod.com/imgUpload/Brochure%20CGR%202019%20Resized.pdf>

3. Moreover, all the year 2019, Mr. Weerasak Chaisupat, MD who is a representative of CSP Steel Center Co., Ltd. often gave an interviews with the presses in both printing media and online media. That information was all about the company's performance, opinions about outlook of economy and steel industry, upcoming new projects, new investment of the company and so on. The investors can follow up all those related news via the company's website: www.cspsteel.com in a section of "IR News Room" -> "IR News" or the following link: <http://www.cspsteel.com/news/group/13/3>

INTERNAL AUDIT SYSTEM

At the Board of Director's Meeting no. 3/2019, August 13, 2019 and no. 2/2020, February 28, 2020 which 3 of Audit Committees were in the meeting. They evaluated the adequacy in Internal Audit System evaluation of CSP Steel Center PLC. Also suggested that at present time the company has the appropriate Internal Audit System Evaluation according to SEC. Especially in related parties transaction with major shareholder and committee, management or involving people, the company already has the best way to control it. For the Internal Audit system for other department, the committee suggested that at present time, the company has sufficient Internal Audit system. The company decided to use the outsource to do the evaluation, analysis, giving suggestion about internal system of the organization, financial audit, compliance audit, review the related transaction, doing the report and propose to the Audit committee and the Board of Director. The Internal Audit system has been audited by I.N.J. Audit, which is an independent party for observing and commenting the Internal Audit system to be an efficiency system. Regarding their comments on July 12, 2019 and December 13, 2019, about physical counting of office equipment and tools. The executives agreed to have a commitment to keep monitoring such matter further. Now, all comments are in process of adjusting. Besides, other I.N.J.'s comments were also adjusted, as follows:

1. Organization and Environment

The company has a clear statement of the organization chart and all rules and responsibilities of the management. Setting the meeting for all employees to acknowledge about the company's objective. The company has set the annual objective by using the updated data for improving for the next year. Moreover, the company set the Code of Business Conduct as practices for all directors, executives and employees comfortably conform. After the board of directors oversaw how they conformed, the result was in the well satisfactory level, even there were some employees breached the Code of Business Conduct, such employees had already been punished as suitable method.

2. Risk Management

The management will evaluate the country risk assessment 3 months in advance for analyzing the risk that might occurs and find the way to reduce or destroy it. Moreover, the Board of Director shall receive the monthly report for analyze and control all the risks.

As the comment of audit in the past about risk management of aging of accounts receivables, the management had already designed and set a new document form for sales representatives to fill out and submit the important information to the credit approver for approving and set the limit for all customers. These improving form which more details would help approver and sales representatives understand customers much more than before and can estimate risk more accurate to decline risk of bad debts, including can benefit about collecting marketing information for using in marketing analyze.

3. Controlling the Management Performance

The company assigned the clear statement of rules and responsibilities of all level of management. In addition, the company has the reviewing between each department. Present, the company has the effective rules of doing the related parties transaction of the major shareholder, committee, management and other involving person. All past related parties transactions were approved by the Board of Committee. However, after the becoming the public company, the company has assigned the committee to look after all related parties transactions. In the future, the committee who can approve the transaction must not be the beneficent one and must approve from the committee of the Security and Exchange market of Thailand.

4. Information System

In the past, the company has only an ineffective Board of Director's meeting system. However, after becoming the public company, the company follows the law by launching the meeting invitation letter with other important document to the committee 7 days in advance. For financial auditor, the company hires S.P. Audit Co., Ltd would be an officially financial auditor.

Nowadays, there are many IS and IT project development, determining and announcing **Security of Information Technology Policy** of the company; for instance, installing Firewall system for preventing information hacker and controlling in-out of information in the company's

network, Tracking and logging information of every users that communicate within organization, developing efficient Back-up system to sub-system of many departments., etc. Additionally, the company and the board still keep improving and updating policy of IT, IS and networking of the company for communicating and controlling users within organization.

Currently, the company is investing in the project of Enterprise Resources Planning (ERP System) to maximize benefits of information resources of the company. This system would connect all operation's information into one system. The benefits form ERP is better efficiently connect all information of the company and safely record to apply or present such information in forms of better managerial reports for better business decisions.

5. Follow Up System

The company has the comparison of the business performance and the company target by inform about the different. If there is the different or mistake, it must be reported to the management for improving. There is no mistake for the company.

The selection of Internal Auditor, the company had considered the wide range of performance and report, so they use the Outsource and propose their name to the Board of Director to assign annually. Beginning in 2006, for the evaluation, the Board of Director secretary will be the middleman between the auditor and the Audit committee.

REPORT OF INDEPENDENT DIRECTOR / AUDIT COMMITTEE

(For the details, please consider as Topic 3 and at the ending part of this Annual Report (please check the page number at the contents page) or at Annex 5: “Report of Independent Director / Audit Committee” in the Form 56-1)

AUDITOR OF INTERNAL SYSTEM

The company hires Outsource as auditor of internal system. They have to take responsibilities to analyze, evaluate and comment about internal system management, including Financial Audit, Operational

Audit, Compliance Audit, audit of Related Parties Transactions and Report such auditing to Independent/Audit Committees.

Currently, the company's auditor of internal system is I.N.J. Audit by Mr. Nivet Jintanawichai as a manager who has duties on auditing, commenting about plan for the company development and reporting to Independent/Audit Committees.

Independent/Audit Committees agree that **Mr. Nivet Jintanawichai of I.N.J. Audit** has enough academic knowledge, experiences, training and qualified to take responsibilities of internal system audit of the company. I.N.J. Audit has become the company's auditor of internal system since September in 2005. However, Independent/Audit Committees always consider about qualifications of outsource who works as the company's auditor of internal system and determine that every change, assignation or demote of the company's auditor of internal system have to be approved by them.

Related Transactions : (Refer notes to financial statements December 31, 2019, No.5: Related party transactions)

Name of Parties	Relationship	Type of transactions	Million Baht		Conditions/ Reason of Transactions
			2019	2018	
Chaisupat Co., Ltd.	Chaisupat Co., Ltd. is a Major shareholder which has been the authorized power by Mr. Supachai Chaisupat and Mr. Weerasak Chaisupat	1.Office and warehouse rental 2.Rental contract guarantee 3.Outstanding cheques 4.Accrued Expenses 5.Prepaid Expense	5.33 2.80 - - 0.25	5.33 2.80 - - 0.25	<p>- Office and warehouse rental due to the company has rented an office building and warehouses used to distribute products to customers nearby. Rental agreement 3 years for the 2-storey office building area of 800 square meters and for the storage building area of 950 square meters. Rental contract guarantee of 2.8 million baht, the deposit back within 30 days from the date the company handovers leased place.</p> <p>On July 1, 2019, the company renewed the lease agreement with Chaipattana Co., Ltd., with the lease term of 3 years from 1 July 2019 to 30 June 2022. The office building area rental rate is 350 baht per square meter per month. And the area of the storage building, the rental rate of 173 baht per square meter per month. Total rental rate of 0.444 baht per month</p> <p>The rental price could be compared with other nearby companies which was around Baht 130-350 per square meter.</p>

Name of Parties	Relationship	Type of transactions	Million Baht		Conditions/ Reason of Transactions
			2019	2018	
C.C.P. Metal Co., Ltd.	All shareholders of C.C.P. Metal Co., Ltd. relate with Mrs. Orasa Chaisupat who is a sister of Mr. Sangchai Chakrapeesirisuk as director.	1. Purchase of goods 2. Revenues from sales 3. Post-date cheques 4. Account Receivable 5. Account Payable	- 22.66 2.86 0.52 -	- 17.57 2.40 1.98 -	- Sales of goods due to C.C.P. Metal Co., Ltd no enough type or sizes of some steel to deliver to customers according to the order at that time. In this regard, the trade conditions and prices are in accordance with normal trading practices when compared to other customers or non-related parties.

EXPLANATION AND ANALYSIS OF FINANCIAL POSITION AND PERFORMANCE**SUMMARY SCHEDULE OF THE COMPANY'S FINANCIAL POSITION**

(Million Baht)

FINANCIAL STATUS	2019	2018	2017	2016	2015
Cash and cash equivalents	14.06	0.72	6.84	9.29	25.40
Trade and other receivable	489.39	539.43	574.93	623.73	611.85
Inventories	1,140.29	950.66	851.11	843.59	1,098.78
Property Plant and Equipment - Net	646.43	645.96	603.12	552.94	526.61
Other Assets	16.21	17.06	11.26	10.88	14.46
Total Assets	2,306.39	2,153.84	2,047.26	2,040.43	2,277.10
Bank overdrafts and short-term loans from financial institutions	1,680.64	1,419.32	1,322.87	1,130.78	1,568.01
Trade and other payable	111.54	99.86	80.07	156.04	72.40
Other Liabilities	35.25	29.83	28.52	26.52	25.15
Total Liabilities	1,827.44	1,549.02	1,431.46	1,313.34	1,665.56
Issued and paid-up share capital	496.17	496.17	496.17	496.17	496.17
Premium on share capital	100.09	100.09	100.09	100.09	100.09
Legal Reserve	34.55	34.55	34.55	34.55	28.55
Retained Earnings	(151.86)	(25.99)	(15.00)	96.28	(13.27)
TOTAL SHAREHOLDERS' EQUITY	478.94	604.82	615.80	727.09	611.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,306.39	2,153.84	2,047.26	2,040.43	2,277.10

SUMMARY SCHEDULE OF THE COMPANY'S OPERATING RESULTS

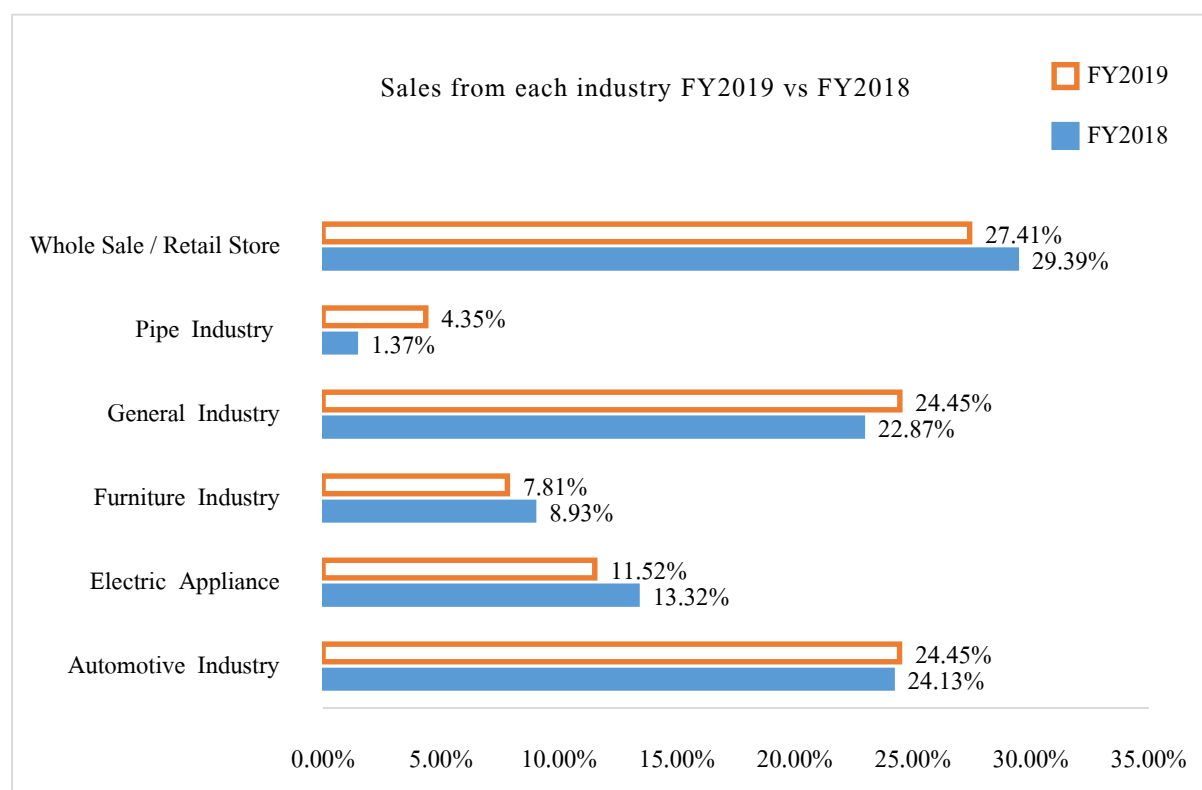
(Million Baht)

OPERATING RESULTS	2019	2018	2017	2016	2015
Revenue From Sales	2,759.99	2,677.43	2,834.38	2,712.97	2,645.84
Revenues From Services	-	-	10.95	-	-
Revenue From Construction Services	-	-	-	14.02	-
Gain on exchange rate	22.45	0.63	4.23	-	-
Other incomes	2.73	1.17	0.49	0.16	4.78
Total Revenue	2,785.17	2,679.24	2,850.05	2,727.15	2,650.62
Cost of Goods Sold	2,703.15	2,521.45	2,572.07	2,467.13	2,668.26
Cost of Services	-	-	9.80	-	-
Cost of Construction Services	-	-	-	12.97	-
Loss for diminutions of inventories	25.47	5.37	1.33	(27.45)	4.82
Total Cost of Goods Sold	2,728.62	2,526.83	2,583.20	2,452.65	2,673.08
Selling and Administrative Expense	133.17	125.12	109.83	117.20	105.20
Loss on exchange rate	-	-	-	6.77	0.08
Import duties and Customs fine	-	-	188.49	-	-
Interest Expenses	49.03	38.81	32.22	31.71	49.14
Corporate Income Tax	1.80	(0.54)	(0.08)	3.27	(0.04)
NET Profit (Loss)	(127.45)	(10.98)	(63.61)	115.55	(176.84)
Loss items from Actuary' estimate transaction	1.57	-	1.94	-	(1.18)
Comprehensive Income for the year	(125.88)	(10.98)	(61.67)	115.55	(178.02)
Gross Profit (Loss) margin ratio (%)	1.14	5.63	9.21	10.07	(1.03)
Net Profit (Loss) margin (%)	(4.62)	(0.41)	(2.23)	4.24	(6.68)

OVERVIEW SUMMARY OF FINANCIAL PERFORMANCE

CSP Steel Center Public Company Limited, the steel center provides all types steel sheet in coil and processing service by cutting a steel coil into steel sheet according to customer's size. Turnover of the Company's inventory is approximately 2-3 months for supporting demand from the customers. The company also sets the trading credit term for customers in a range of 30 – 120 days; therefore, the company needs a lot of working capital from both internal cash flow and short – term loans from financial institutes to support stocking and trading credits for customers. In addition, the increasing of sales volume, capacity of production lines and new piping line impact on much more working capital to support stocking and trading credits for customers.

Summary of Revenue from sales and percentage's sales amount in business unit.



Revenue from sales amount of 2,759.99 million baht, increased by 82.55 million baht or 3.08% due to the sales volume increased by 12.88%, while the average selling price decreased by 8.68% when compared to the previous year according to market conditions.

Gross profit was 31.37 million baht, decrease of 119.24 million baht from last year or 79.17% due to the sharp drop in selling prices during the 4th quarter of 2019. Loss from product devaluation increased from the previous year by 20.09 million baht according to the market conditions.

The main proportions of selling in the year 2019 were Whole sale/ Retail stores and Automotive Industry which were same as the previous years. The proportion of selling in Whole sale/ Retail stores and Automotive Industry in 2018 were 27.41% and 24.45%, respectively. The Company's operating results had net loss margin by (4.62)%; however, for the results of operations within recent 4 years, the company is able to maintain the gross margin rate of profit (loss) by (1.03%) – 10.07%, and the rate of net profit (loss) by (6.68%) – 4.24%, which can be analyzed as follows:

ANALYSIS OF OPERATING RESULTS

The company's operating results over 5 years can be summarized as follows:

The result of operation for the year 2019 :

The Company has sales revenue of 2,759.99 million Baht. The cost of goods sold is 2,728.62 million Baht or 98.86 % of sales revenue. Gross profit of 31.37 million Baht, decreased from the previous year. Due to selling prices decreased in proportion more than cost of purchasing raw materials according to the market conditions and doubtful debts. In addition, the company has increase in financial interest from borrowing for use in circulation in the company. Resulting in a net loss in 2019.

The result of operation for the year 2018 :

The Company has sales revenue of 2,677.43 million Baht. The cost of goods sold is 2,526.83 million Baht or 94.31 % of sales revenue. Gross profit of 150.61 million Baht, decreased from the previous year. As a result of decreasing orders from customers and increased volatility of raw material prices and labor costs increase from the adjustment of wages. Selling expenses increase from commission and transportation costs from rising fuel prices. Administrative expenses increased from salary adjustment and employee welfare in order to meet the rising cost of living. In addition, the company has increase in financial interest from borrowing for use in circulation in the company. Resulting in a net loss in 2018

The result of operation for the year 2017 :

The revenue from sales was Baht 2,834.38 million and the cost of goods sold was Baht 2,573.40 million which was in ratio of 90.79% of revenue from sales. Gross profit margin ratio decreased, comparing to the last year's. The main reasons were high fluctuation of the price of raw materials, high domestic competition and some customers' domestic industries and Construction Industry have still been slowly recovered. As a result, sales volume decreased by 9.54%. Additionally, in year 2017, Import duty and Customs fines was accounted for Baht 188.49 Million Due to the Customs Department discovered that the Company had imported hot rolled coil steel products to be used in the automotive industry in the other condition which do not meet the conditions which qualifies for exemption from temporary import duty/protection duty. Considered that the Company lose the right of the exemption. (The Company had communicated the opinion to the Custom Officer that the Company had interpreted that the automotive industry as that it includes all vehicles including all types of vehicles with engines, and should be considered as motor vehicles according to general engineering. Therefore, it can be considered that the Company imported impure hot rolled steel products by using the right to exempt temporary import duty/protection duty to import impure hot rolled steel products for using in the automotive industry correctly) However, the Custom Officer has rejected the definition of "Automotive" as defined by the Department of Foreign Trade, Ministry of Commerce that the meaning covered only 4-wheels drive cars, pickups and 2-wheels motorcycles, excluding agricultural vehicles. (The Company has communicated the opinion to the Customs Department that the definition of "Automotive" as defined by the Department of Foreign Trade, The Ministry of Commerce is not specified in the Notification of Terms of Temporary Import Duty/Protection Duty on import of impure hot rolled coil product from the beginning and it was not announced to the entrepreneurs.) Therefore, the Customs Department has determined that the Company has breached the terms and conditions of exemption of temporary import duty/protection duty of imports of impure hot rolled steel products for using in the automotive industry. Therefore, the Board of the Directors considered and opined that the company shall proceed with the payment of the mentioned duty, the Value Added Taxes, and the Surcharged Penalty to the Customs Department in order to settle any possible disputes with the Customs Department and restricted any losses and damages the Company may suffer from the large amount payment of the Surcharge.

Excluding, the Import Duty and Customs fines, for the year end of December 31, 2017 the Company would have net profit amount Baht 124.88 Million increasing by Baht 9.33 Million compared

to the same period of last year. Also, the net profit margin would be 4.38% of total revenues, increasing by 3.3% compared to the same period of last year, which had 4.24% of total revenues. It showed that the company would have the better profitability in the year 2017 instead.

The result of operation for the year 2016 :

The revenue from sales was Baht 2,712.97 million and the cost of goods sold was Baht 2,439.68 million which was in a ratio of 89.93% of revenue from sales. Gross profit margin ratio increased, comparing to the last year's. The main reasons from the sale volume were increasing and more efficient management in production costs. There was a revenue from construction service was Baht 14.02 million and the cost of construction service was Baht 12.97 million which was 92.46% of revenue from construction service. This revenue came from construction service to some department of government. In 2016, the gross profit margin ratio was increased by 11.09%. The selling expenses were increasing from sale commission and transportation expense from increasing the sale volume. The administrative expenses were increased from the employee's base salary and welfare that were adjusted, according with the higher cost of living.

The result of operation for the year 2015 :

The revenue from sales was Baht 2,645.84 million and cost of goods sold was Baht 2,673.08 million which was in a ratio of 101.03% of revenue from sales. The Company has gross loss due to the decreasing of sale's pricing around 15.28%, while the cost of goods sold was still high in early year. Moreover, financial cost of the company was increased from the last year due to increasing of short-loans from financial institutions for running business operation.

ANALYSIS OF FINANCIAL POSITION

The company's financial position for the year 2019, comparing with 2018 as follows:

1. Total Assets

As of December 31, 2019, the total assets were accounted for Baht 2,306.39 Million, increasing by Baht 152.55 Million or 7.08% compared to the same period of last year. The main reasons were as follows:

Increased in cash and cash equivalents in the amount of 13.35 million baht or 1861.44% was reserved to pay short-term loans from financial institutions, which due to payment within January 2020.

Decreased in trade and other receivables in the amount of 50.04 million baht or 9.28% due to improved debt collection efficiency (The average collection period in 2019 is approximately 73 days / in 2018 is approximately 82 days).

Increase in inventories amounted to 189.62 million baht or 19.95% due to the purchase price of raw materials decreased during the year 2019, so the company increased the amount of raw materials purchased to manage the price of inventories to be at the price level that is consistent with the current market price.

2. Total Liabilities

As of December 31, 2019, the total liabilities was accounted for Baht 1,827.44 Million, increased by Baht 278.43 Million or 17.97% compared to the same period of last year, the main reasons were as follows :

Increase in bank overdrafts and short-term loans from financial institutions was 261.33 million baht or 18.41% compared to the same period of last year. In order to purchasing of raw materials and finished goods for sale, including working capital.

Increase in trade and other payables was 11.68 million baht or 11.70% compared to the same period of last year, due to the increasing in purchases volume of goods during end of year.

3. Shareholder's Equity

The shareholders' equity of the company as of December 31, 2019 was 478.94 million baht, decreased from the same period of last year in amount of 125.88 million baht or 20.81% from the net loss operating result 127.45 million baht and actuarial gain 1.57 million baht.

AUDIT FEE

SP AUDIT COMPANY LIMITED is an independent auditor whom doesn't have any relationship with the company.

The audit fee in 2019 consists of the annual audit fee of 470,000 Baht and reviewed the financial statements 150,000 baht per quarters and transportation fee did not exceed 60,000 Baht.

Non-Financial Performance

Market Share

Because the steel industry has many various types of products; therefore, there are a lot of levels and numbers of different domestic steel entrepreneurs in Thailand to serve the different customers' needs. As a result, it is very difficult to define the exact rank or marketing statistics of this industry.

However, if there is a consideration about the steel service centers which only owned by Thai major shareholders and their products/services serve to Automotive Industry to use as materials for auto-parts manufacturing, CSP Steel Center Public Company Limited could be one - fifth of the Market Share Leader in this market segment.

(Source: considering from the privileged entrepreneurs list of the free trade agreement between Thailand and Japan: "Japan–Thailand Economic Partnership Agreement (JTEPA)" in the year 2016).

Customers Satisfaction Evaluation

Due to the policy of Satisfactory Level of company's customers, the company determines to do the Customers Satisfaction Evaluation in every half year. The company will make a random survey from many various customers, then record and manage the information with the efficient system. All those survey topics will accord with the company's policy and mission about achieving the customer's needs of various industries. The results of Customers Satisfaction Evaluation will be discussed and analyzed to find the solutions or improvement in a meeting of Management Review with attending of management team and every related supervisors. Moreover, the management team and supervisors will monitor about the performance of meeting's resolutions. The goal is receiving total average 'A' Score Level from customers. However the results of Customers Satisfaction Evaluation in the year 2019 are as follows:

Satisfaction Criteria:

Level AA: 91-100 %	Level B: 70-79 %	Level D: 50-59 %
Level A: 80-90 %	Level C: 60-69 %	Level E: Lower than 50 %

Remark: If the total score of evaluation is 50-59%, only low - score topics will have to be seriously improved.

If the total score of evaluation is lower than 50%, all processes of the system will have to be seriously improved.

The results of Customers Satisfaction Evaluation:

Month of Evaluation	Average Score (%)	Score Level
May-July 2019	87.46	A
November 2019	85.45	A
Total Average score for the year	86.46	A

According to the above results of Customers Satisfaction Evaluation in 2019, the company had Total Average score for the year: 86.46%, which was ‘A’ Score Level. It means that the performance of the company about Customer Satisfaction was good and reached the target. Also, it was more than the last 2 year’s which was 84.37% in the year 2018 and 81.91% in the year 2017, but it’s still not excellent (Level AA) due to gaining some ‘C’ and ‘D’ score from several customers. Consequently, the company admitted for all comments and recommendations to improve all related business operations with a strong commitment to develop products and services to serve the next level of all customers’ satisfaction in every year.

REPORT OF DIRECTORS

RELATING TO RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Director is responsible for CSP Steel Center Public Company Limited (“The Company”)’s financial statements including financial information presented in the annual report. The financial statements have been prepared by management in conformity with generally accepted accounting principles, with appropriated accounting policies applying consistently; and based on management’s best estimates and judgments, with adequate disclosure of material issues for the best interest of shareholders and investors.

The Board of Directors has set up and maintains effective internal control system designed to provide management with reasonable assurance that transactions are recorded properly, the assets are safeguarded and that material frauds and malpractices are precluded.

The Board of Directors also appointed the Audit Committee to review the accounting policies, the accuracy and sufficiency of the company’s financial reports and to ensure the adequacy and the efficiency of the internal control systems as well as the risk management system of the Company. Opinion of the Audit Committee is shown in Audit Committee’s Report published in this annual report.

The Company’s financial statements also were audited by an independent certified public accountant from SP Audit Company Limited. The Board of Directors also provides document and information support so that the auditor can perform audits of the financial statements in accordance with generally accepted auditing standards to express his independent opinion on the true and fair of the financial positions and the results of the company’s operations as stated in the financial statements. Audit’s Report is also shown in this annual report.

The Board of Directors is of an opinion that the internal control system of the Company is satisfactory and can ensure the credibility of CSP Steel Center Public Company Limited’s financial report for the fiscal year ended 31st December 2019 in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



Suppachai Chaisupat
President and CEO



Weerasak Chaisupat
Managing Director

REPORT OF INDEPENDENT DIRECTOR / AUDIT COMMITTEE RELATING TO RESPONSIBILITY FOR FINANCIAL STATEMENTS

On December 31, 2019, CSP Steel Center., Pcl has Independent Director /Audit committee as following people:

Name		Position
1. Mr. Charus	Khanchanakhajit	Chairman of Independent Director /Audit committee
2. Mr. Janram	Atthakrisna	Independent Director /Audit committee
3. Mr. Chalermpong	Mahavanidvong	Independent Director /Audit committee

Independent Director / Audit Committee are assigned by the Board of Directors of the company to take responsibilities to inspect information about financial statements, internal audit system, operations of the company and report of Certified Public Accountant. Moreover, Independent Director / Audit Committee has a duty to motivate the company to operate in complying with good corporate governance and the regulations of SEC and SET. Including, giving recommendations about risks management and internal control to the management.

According to meeting record of the company in 2019, there are 4 meetings of Audit's committee which can show the numbers of attending the meeting as follows:

Name		Attending Meeting / Total Meeting (times per year)
1. Mr. Charus	Khanchanakhajit	4 / 4
2. Mr. Janram	Atthakrisna	4 / 4
3. Mr. Chalermpong	Mahavanidvong	4 / 4


In every meeting, the Independent Director / Audit Committee has independent meeting with the management and accounting audit of the company to review and certify the company's financial statement

for every quarter-end 2019, including evaluate accounting policies and procedures relative to the accounting policies, perform the internal control assessment and finally, provide all assessments and recommendations to the board of directors.

The Independent Director / Audit Committee had approved the important policies of transaction and reported some transactions that may relate to conflict of interests during the year 2019.

The Independent Director / Audit Committee gave significant recommendations as follows:

1. The financial statements of year 2019 are accurate, complete and reliable.
2. The related parties' transactions between companies and person in management team during the year 2019, showed proper practices of business transaction and along with the related parties transactions policy of the company.
3. The company has adequate internal system control and along with the evaluation criteria of internal audit system which set by SEC.
4. The company conducted in complying with rules, laws and regulations of SEC and SET.
5. Miss Cheurnta Chommern, Certified Public Accountant (Thailand) of S.P. Audit Co., Ltd. Can perform his duty accurately and properly.
6. The transactions that may relate to conflict of interest within year 2019 were proper transactions and aimed to the maximum benefit to the company.
7. The Independent Director / Audit Committee operated their duties according to the policies and regulations that were approved by the Board of Directors of the company.



Mr. Charus Khanchanakhajit

Chairman of Independent Director /

Audit committee

February 28, 2020

REPORT OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the company comprises of 4 committees from Audit/Independent Committee and Non-Executive Director as follows:

Mr. Charus	Khanchanakhajit	Chairman of Nomination and Remuneration committee
Mr. Janram	Atthakrisna	Nomination and Remuneration committee
Mr. Chalermpong	Mahavanidvong	Nomination and Remuneration committee
Mr. Bunjerd	Somsem	Nomination and Remuneration committee

The Nomination and Remuneration Committee of the company had conducted assignments from the Board of Directors of the company to recruit, consider and present qualified persons to replace the expired directors/committees or executive positions or any other vacant relevant positions or as determination by new law with reasonable consideration and conforming the determining policies and regulations of remuneration of the company. Moreover, they had presented remuneration of directors, committees and Top Management/Executives of the company in both financial compensation and non-financial compensation, including presented overall such remuneration in total numbers as a budget to the Board of Directors to consider and present to ask for approval of shareholders in the Annual General Meeting of the company.

According to meeting record of the company in 2019, there are 2 Nomination and Remuneration Committee's meetings which can show the numbers of attending the meeting as follows:

Name	Position	Attending Meeting/ Total Meeting (times per year)
1. Mr. Charus Khanchanakhajit	Chairman of Nomination and Remuneration committee	2 / 2
2. Mr. Janram Atthakrisna	Nomination and Remuneration committee	2 / 2
3. Mr. Chalermpong Mahavanidvong	Nomination and Remuneration committee	2 / 2
4. Mr. Bunjerd Somsem	Nomination and Remuneration committee	2 / 2

Conclusively, in the meetings of Nomination and Remuneration Committee of the company, they had already considered the important relevant matters and reported resolutions with significant comments and suggestions to the Board of Directors of the company for consideration as follows:

1. The Nomination and Remuneration Committee recruited, considered and presented qualified persons, conforming to the regulations of SEC, SET and non-related to forbidden criteria according to the laws, including qualification of knowledge, capabilities and work experiences that are beneficial to the company's growth; in order to replace the expired directors/committees or executive positions or any other vacant relevant positions. Then, presenting the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting. The directors/committees/persons who have special interests would not attend and vote for this agenda item.
2. In the Nomination and Remuneration Committee Meeting 1/2019, the committee considered and nominated all members of CG Committee for presenting to the Board of Directors which informed the board's resolution to the Annual General Meeting of Shareholders in the year 2019 to acknowledge as well. Additionally, as the 2nd Nomination and Remuneration Committees meeting of the year 2019, there was an agenda of considering and proposing a new Audit/Independent Committee and Nomination and Remuneration Committee. The resolution of both the Nomination and Remuneration Committee and the Board of Directors agreed to approve Pol. Maj. Gen. Wittawat Buranasompop to take these positions because his qualification is along with criteria of SEC and SET, including appropriate knowledge and experiences of human resource management, legal practice controller and high reliability with honesty through all his background.
Moreover, In the Nomination and Remuneration Committee Meeting 1/2020, due to resignation of Mr. Charus Khanchanakhajit, 83 years old, who was a Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee of the company, the Nomination and Remuneration Committee agreed to nominate Mr. Janram Atthakrisna to take those positions and proposed to the Board of Directors which the Board of Directors agreed to approve Mr. Janram Atthakrisna to be a new CSP's Chairman of Independent Director/ Audit Committee and Chairman of Nomination and Remuneration Committee. The Board of Directors considered that Mr. Janram Atthakrisna has been an Independent Director/ Audit Committee and Nomination and Remuneration Committee of the company. Not only his knowledge, abilities and experiences of financial and accounting expert, but also his capability to scrutinize the transparency of financial and accounting operation process of

the company according to the good corporate governance principles and giving many efficient opinions to the Board and the company through all his term. He also has been giving advices independently according to the related regulations.

3. The Nomination and Remuneration Committee considered and suggested about performance of the Board of Directors and Management Team for every half year by considering not only the financial statements, but also operation's results and other managerial performances.
4. The Nomination and Remuneration Committee considered and determined policies and regulations of remuneration of the company. Also, reviewing existing remuneration structure of the Board of Directors and Committees, including determining overall such remuneration in total numbers as a budget to the Board of Directors to consider and presenting to ask for approval of shareholders in the Annual General Meeting of the company. All criteria that the committee concerned for reviewing remuneration were the company's operation results, duties and responsibilities, average remuneration cost of other companies in the same section of industry, also motivation to qualified persons. For the year 2019, the Board of Directors and The Annual General Meeting of Shareholders approved it appropriate that total remuneration of directors/committees must not exceed Baht 2,000,000 (excluding salary and bonus of Executive Directors) which was the same rate as that of 2018.

In conclusion, the Nomination and Remuneration Committee had already completed all assignments with carefulness, fairness, honesty, transparency and independency according to the good corporate governance, and concerning about maximizing the benefits of the organization and all stakeholders.



Mr. Charus Khanchanakhajit

Chairman of Nomination and Remuneration committee

February 28, 2020

REPORT OF CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee of the company comprises of 5 committees: 1 Chairman from Audit/Independent Committee, 2 Executive Directors and 2 Executives or Managers who have reliable background about good behaviors according to regulations and policies of Good Corporate Governance of the company. The current members of CG Committee of the company are as follows:

Mr. Chalermpong	Mahavanidvong	Chairman of Corporate Governance Committee
Mr. Weerasak	Chaisupat	Corporate Governance Committee
Mr. Kritsada	Chaisupat	Corporate Governance Committee
Mr. Mana	Srivikanon	Corporate Governance Committee
Mr. Chatchai	Pengmeesri	Corporate Governance Committee

The Corporate Governance Committee of the company had conducted assignments from the Board of Directors of the company to determine and review policies and regulations of the Corporate Governance of the company and present solutions or principles of Good Corporate Governance which are appropriated to human resources, cultures and business environment of the company to the Board of Directors. Additionally, coordinate, communicate, and propagate all policies, solutions, principles of Good Corporate Governance of the company to allover operation levels of the company, then follow up the results of conduct, and evaluate all policies, solutions, principles of Good Corporate Governance of the company and present the summary of Good Corporate Governance Conduct of the company (“The Review Report of Good Corporate Governance Conduct according to CG Code”) to the Board of Directors at least 1 time per year. Moreover, follow up about Anti- Corruption by coordinating with Management Team and Corporate Secretary to directly report and advice to the Board of Directors. So, the Board of Directors would evaluate and review about the appropriation of risky operations/processes in the company, including develop solutions or principles to prevent /decrease the risks of corruption occurrences.

According to meeting record of the company in 2019, there is 1 Corporate Governance Committee’s meetings which can show the numbers of attending the meeting as follows:

Name		Position	Attending Meeting/ Total Meeting (times per year)
1. Mr. Chalermpong	Mahavanidvong	Chairman of Corporate Governance committee	1 / 1
2. Mr. Weerasak	Chaisupat	Corporate Governance committee	1 / 1
3. Mr. Kritsada	Chaisupat	Corporate Governance committee	1 / 1
4. Mr. Mana	Srivikanon	Corporate Governance committee	1 / 1
5. Mr. Chatchai	Pengmeesri	Corporate Governance committee	1 / 1

Conclusively, in the meetings of Corporate Governance committee of the company, they had already considered the important relevant matters and reported resolutions with significant comments and suggestions to the Board of Directors of the company for consideration as follows:

1. The Corporate Governance committee reviewed and determined regulations of the Corporate Governance of the company for the year 2020 to present to the Board of Directors, which the committee agreed that the company should conform the regulations of the Corporate Governance of the company for the year 2020 same as the year 2019, because they are still suitable, up to date and able to create continuity of conduct progress within the company.
2. Regarding to following up the results of conduct, and evaluating all policies, solutions, principles of Good Corporate Governance of the company by comparing with the determined regulations for the year 2019, the results of conduct were good. However, there was some notice for improving; for example, according to Principle 6: Strengthen effective risk management and internal control, there was a high turnover rate of IT department employee in the company. This impacted on lack of continuity of working or communication to a new ones and might effect to the organization's operations. Particularly, the company is planning to implement ERP system. Therefore, the committee recommended IT management to control IT staffs to arrange significant information Manual of IT Department and allow only IT employees and related management who are able to reach such information manual with strict Access Control System.
3. The Corporate Governance committee reviewed the result of Anti-Corruption Conduct of the company. The result was good and there's no any significant problems or any complaints from the stakeholders. The company can well communicate, and propagate all related regulations of the

company and government to allow operation levels of the company, including the Human Resources department of the company set the training course about Anti-Corruption annually which already occur in November 2, 2019.

However, the company currently does not sign to be one of “companies of Thailand's Private Sector Collective Action Coalition Against Corruption's Declaration of Intent” by Thailand's Private Sector Collective Action against Corruption (CAC), because the company tried to learn and self-assessed about 71 principles and realized that the company is not be ready yet. As the regulation, if the company signs to this campaign, the company must strictly conform within 18 months. As a result, the company still needs more time for well preparation and improvement of the organization to ensure conformation ability to all those principles.

4. The Corporate Governance committee considered and commented about the results of Internal Audit System Report for the year 2019 which audited by I.N.J. Audit. Most of transactions were not significant abnormal, excepting for “Fixed Asset” document management system which audit's comments in detail are shown in the part: “Internal Audit System” of this Annual Report. However, the result of following up about this point has been better. The company has already been gradually conformed as the auditor suggested.

In conclusion, the Corporate Governance Committee had already completed all assignments with carefulness, fairness, honesty, transparency and independency according to the good corporate governance, and concerning about maximizing the benefits of the organization and all stakeholders.



Mr. Chalermpong Mahavanidvong

Chairman of Corporate Governance Committee

February 28, 2020

(TRANSLATION)

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of CSP Steel Center Public Company Limited

Opinion

I have audited the financial statements of CSP Steel Center Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of 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 the CSP Steel Center Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 our audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw your attention to the Notes to financial statements No.32, explaining the uncertainty regarding the outcome of the litigation that the counterparty has filed a lawsuit against the Company for compensation. At present, the case is under the civil court procedure. My opinion is not qualified in respect of this matter.

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.

Valuation of inventories

As at December 31, 2019, the Company had inventories of Baht 1,140.29 million which the company's inventories are valued in the statement of financial position at cost or net realizable value whichever were lower (Note no. 3.3 and 8). I focus on this area because that estimated net realizable value involve management's judgments and the amount of inventories are significant to the financial statements.

Key Audit Procedures

I reviewed the Company's policy to measure the net realizable value of inventories was appropriate and accordance with the requirement of Thai Financial Reporting Standards and reviewed the appropriateness consistency of the methods for making the estimated net realizable value.

I understood the method for making, reviewing and authorization of estimated net realizable value and

I audited evidences sufficiently and appropriately about to reliability of selling price of inventories that occurred after the reporting period and estimated costs necessary to make sale that they were used to make the estimated net realizable value. Apart from this, I recalculated the mathematical accuracy estimated net realizable value.

Other Information

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

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

In connection with my audit of the 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 charge with governance to correct the materially misstatement.

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

Managements is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, 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 Thai Standards on Auditing 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 Standards on Auditing, 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 have 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 period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SP Audit Company Limited



(Miss Chuenta Chommern)

Certified Public Accountant (Thailand) No 7570

Bangkok

February 28, 2020.

STATEMENTS OF FINANCIAL POSITION**CSP STEEL CENTER PUBLIC COMPANY LIMITED****AS AT DECEMBER 31, 2019****(Unit : Baht)**

	Note	2019	2018
			Reclassification
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents		14,063,633.44	717,003.82
Trade and other current receivable - related companies	5.1, 6	3,628,415.76	4,627,422.74
Trade and other current receivable - other companies	7	485,765,893.71	534,806,587.48
Short-term loans to employees		307,103.19	129,915.11
Inventories	8	1,140,286,144.66	950,661,714.42
Total current assets		1,644,051,190.76	1,490,942,643.57
Non-current assets			
Long-term loans to employees		5,729.17	11,946.40
Investment property	9	694,133.00	694,133.00
Property, plants and equipment	10	646,426,790.91	645,964,213.35
Intangible assets	11	7,901,516.30	6,601,971.01
Leasehold contract guarantee	5.1	2,800,000.00	2,800,000.00
Deferred tax assets	12	4,409,209.05	6,600,293.25
Other non-current assets		97,177.51	220,548.61
Total non-current assets		662,334,555.94	662,893,105.62
Total assets		2,306,385,746.70	2,153,835,749.19

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION**CSP STEEL CENTER PUBLIC COMPANY LIMITED****AS AT DECEMBER 31, 2019****(Unit : Baht)**

	Note	2019	2018
			Reclassification
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	13	1,680,643,862.29	1,419,316,465.57
Trade and other current payable - related companies	5.1	-	900,000.00
Trade and other current payable - other companies	14	111,544,581.17	95,293,135.80
Contract liabilities	15	-	3,671,500.00
Current portion of obligation under finance leases	16	975,828.75	1,455,308.29
Total current liabilities		1,793,164,272.21	1,520,636,409.66
Non-current liabilities			
Obligation under finance leases	16	1,005,935.34	1,981,764.09
Employee benefit obligation	17	33,271,719.04	26,397,872.96
Total non-current liabilities		34,277,654.38	28,379,637.05
Total liabilities		1,827,441,926.59	1,549,016,046.71
Equity			
Share capital	18		
Authorised share capital			
621,166,300 ordinary shares of Baht 1.00 each		621,166,300.00	621,166,300.00
Issued and paid-up share capital			
496,168,826 ordinary shares of Baht 1.00 each		496,168,826.00	496,168,826.00
Premium on share capital		100,086,821.57	100,086,821.57
Retained earnings (Deficits)			
Appropriated - statutory reserve		34,550,000.00	34,550,000.00
Unappropriated		(151,861,827.46)	(25,985,945.09)
Total shareholders' equity		478,943,820.11	604,819,702.48
Total liabilities and equity		2,306,385,746.70	2,153,835,749.19

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
CSP STEEL CENTER PUBLIC COMPANY LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit : Baht)	
	Note	2019	2018
Revenues			
Revenues from sales		2,759,985,716.73	2,677,431,813.25
Gain on exchange rate		22,454,262.67	629,823.16
Other income		2,730,420.13	1,173,965.31
Total revenues		2,785,170,399.53	2,679,235,601.72
Expenses			
Cost of sales		2,728,617,473.26	2,526,825,043.10
Cost of distribution		24,653,114.86	24,617,284.44
Administrative expenses		107,580,576.40	99,740,920.97
Other expenses		939,929.77	758,701.74
Finance cost		49,025,618.41	38,814,905.69
Total expenses		2,910,816,712.70	2,690,756,855.94
Loss before income tax income (expense)		(125,646,313.17)	(11,521,254.22)
Income tax income (expense)	20	(1,798,781.20)	537,612.11
Loss for the year		(127,445,094.37)	(10,983,642.11)
Other comprehensive income			
Items must not be classified into profit or loss in the future			
Actuarial gain		1,569,212.00	-
Total comprehensive gain for the year		1,569,212.00	-
Other comprehensive loss for the year		(125,875,882.37)	(10,983,642.11)
Basic loss per share	21	(0.25)	(0.02)
Weighted average number of ordinary shares (unit : shares)		496,168,826	496,168,826

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**CSP STEEL CENTER PUBLIC COMPANY LIMITED****FOR THE YEAR ENDED DECEMBER 31, 2019****(Unit : Baht)**

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)		Total
				Statutory reserve	Unappropriated	
Balance as at January 1, 2018		496,168,826.00	100,086,821.57	34,550,000.00	(15,002,302.98)	615,803,344.59
Changes in equity for the year						
Comprehensive loss for the year		-	-	-	(10,983,642.11)	(10,983,642.11)
Balance as at December 31, 2018		496,168,826.00	100,086,821.57	34,550,000.00	(25,985,945.09)	604,819,702.48
Changes in equity for the year						
Actuarial gain		-	-	-	1,569,212.00	1,569,212.00
Comprehensive loss for the year		-	-	-	(127,445,094.37)	(127,445,094.37)
Balance as at December 31, 2019		496,168,826.00	100,086,821.57	34,550,000.00	(151,861,827.46)	478,943,820.11

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS**CSP STEEL CENTER PUBLIC COMPANY LIMITED****FOR THE YEAR ENDED DECEMBER 31, 2019**

	(Unit : Baht)		
	Note	2019	2018
Cash flow from operating activities			
Loss before income tax income (expense)		(125,646,313.17)	(11,521,254.22)
Adjustments to reconcile loss before income tax income (expense) for cash received (used)			
from operations :-			
Bad debts and doubtful debts		10,844,042.93	3,535,235.49
Loss for diminutions of inventories		25,466,392.46	5,372,564.22
Depreciation and amortization expenses		29,480,134.64	28,951,860.84
(Gain) loss from disposal and written-off assets		(58,430.33)	1,262,035.75
Unrealized (gain) loss on exchange rate		(4,744,146.94)	585,873.51
Employee benefit obligations		10,731,948.08	4,283,106.96
Interest income		(704,415.46)	(1,014,943.53)
Interest expenses		49,025,618.41	38,814,905.69
Profit (loss) before changes in operating assets and liabilities		(5,605,169.38)	70,269,384.71
(Increase) decrease in trade and other current receivable - related companies		999,006.98	(3,202,591.74)
Decrease in trade and other current receivable - other companies		38,205,797.19	35,010,118.33
Increase in inventories		(215,090,822.70)	(104,919,651.33)
(Increase) decrease in others non - current assets		(21,500.00)	389,365.54
Increase (decrease) in trade and other current payable-related companies		(900,000.00)	900,000.00
Increase in trade and other current payable-other companies		13,137,044.17	14,514,471.12
Increase (decrease) in contract liabilities		(3,671,500.00)	2,972,500.00
Cash paid for employee benefit		(1,896,587.00)	-
Cash generated from operations		(174,843,730.74)	15,933,596.63
Cash received from interest income		704,415.46	1,014,943.53
Cash received from income tax		135,724.75	-
Net cash provided by (used in) operating activities		(174,003,590.53)	16,948,540.16

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS**CSP STEEL CENTER PUBLIC COMPANY LIMITED****FOR THE YEAR ENDED DECEMBER 31, 2019****(Unit : Baht)**

	Note	2019	2018
Cash flow from investing activities			
Cash paid for purchases of plant and equipment			
and payable for purchases of assets		(29,436,306.54)	(72,591,144.65)
Cash received from sales of property, plant and equipment		472,598.13	1,158,878.50
Cash paid for purchases of intangible assets		(1,447,125.00)	(5,788,067.33)
(Increase) decrease in loans to employees		(170,970.85)	182,601.53
Net cash used in investing activities		(30,581,804.26)	(77,037,731.95)
Cash flow from financing activities			
Increase in bank overdrafts and short-term loans from financial institutions		267,072,783.25	96,558,647.95
Repayment of obligation under finance lease		(1,455,308.29)	(2,970,135.55)
Cash paid for interest - obligation under finance leases		(202,839.69)	(321,515.86)
Cash paid for interest expenses		(47,482,610.86)	(39,299,628.58)
Net cash provided by financing activities		217,932,024.41	53,967,367.96
Net increase (decrease) in cash and cash equivalent		13,346,629.62	(6,121,823.83)
Cash and cash equivalent at the beginning of the year		717,003.82	6,838,827.65
Cash and cash equivalent at the end of the year	21.1	14,063,633.44	717,003.82

Notes to financial statements are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS**CSP STEEL CENTER PUBLIC COMPANY LIMITED****DECEMBER 31, 2019****1. General information**

CSP Steel Center Public Company Limited (“the Company”) is a public limited company and incorporated in Thailand. The Company is listed on the Stock Exchange of Thailand. The address of the Company’s registered office is 475 Rama 3 Road, Bangklo, Bangkulaem, Bangkok.

The principal activities of the Company involve the manufacture and sheet steel finished goods and rolled steel pipe.

2. Basis of preparation of financial statements

The financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (or 1992).

The financial statements have been prepared under the historical cost convention except some type of transaction using the basis as per explained in the related accounting policy.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates.

For the convenience of readers, an English language translation of the financial statements has been prepared from the Thai language interim financial statements which are issued for domestic reporting purposes.

The Federation of Accounting Profession (TFAC) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2019.

- TFRS No. 1 First-time Adoption of International Financial Reporting Standards
- TFRS No. 2 Share-based Payment (revised 2018)
- TFRS No. 3 Business Combinations (revised 2018)
- TFRS No. 4 Insurance Contracts (revised 2018)
- TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2018)
- TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2018)
- TFRS No. 8 Operating Segments (revised 2018)
- TFRS No. 10 Consolidated Financial Statements (revised 2018)
- TFRS No. 11 Joint Arrangements (revised 2018)
- TFRS No. 12 Disclosure of Interests in Other Entities (revised 2018)
- TFRS No. 13 Fair Value Measurement (revised 2018)
- TFRS No. 15 Revenue from Contracts with Customers
- TAS No. 1 Presentation of Financial Statements (revised 2018)
- TAS No. 2 Inventories (revised 2018)
- TAS No. 7 Statement of Cash Flows (revised 2018)
- TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)
- TAS No. 10 Events after the Reporting Period (revised 2018)
- TAS No. 12 Income Taxes (revised 2018)
- TAS No. 16 Property, Plant and Equipment (revised 2018)
- TAS No. 17 Leases (revised 2018)
- TAS No. 19 Employee Benefits (revised 2018)
- TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)
- TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)
- TAS No. 23 Borrowing Costs (revised 2018)
- TAS No. 24 Related Party Disclosures (revised 2018)
- TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)
- TAS No. 27 Separate Financial Statements (revised 2018)
- TAS No. 28 Investments in Associates and Joint Ventures (revised 2018)
- TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2018)
- TAS No. 33 Earnings per Share (revised 2018)
- TAS No. 34 Interim Financial Reporting (revised 2018)
- TAS No. 36 Impairment of Assets (revised 2018)
- TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)
- TAS No. 38 Intangible Assets (revised 2018)
- TAS No. 40 Investment Property (revised 2018)
- TAS No. 41 Agriculture (revised 2018)

TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)

TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2018)

TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)

TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies (revised 2018)

TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2018)

TFRIC No. 12 Service Concession Arrangements (revised 2018)

TFRIC No. 14 TAS 19 (revised 2018) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2018)

TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2018)

TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)

TFRIC No. 21 Levies (revised 2018)

TFRIC No. 22 Foreign Currency Transactions and Advance Consideration

TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2018)

TSIC No. 15 Operating Leases - Incentives (revised 2018)

TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)

TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)

TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2018)

TSIC No. 32 Intangible Assets - Web Site Costs (revised 2018)

The Company has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period except the implementation of TFRS No.15 Revenue from Contracts with Customers as described in notes to financial statement no.4.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
TFRS No. 1 First-time Adoption of International Financial Reporting Standards	January 1, 2020
TFRS No. 3 Business Combinations	January 1, 2020
TFRS No. 7 Financial Instruments : Disclosures	January 1, 2020
TFRS No. 9 Financial Instruments	January 1, 2020
TFRS No. 11 Joint Arrangements	January 1, 2020
TFRS No. 16 Leases	January 1, 2020
TAS No. 12 Income Taxes	January 1, 2020
TAS No. 19 Employee Benefits	January 1, 2020

	<u>Effective date</u>
TAS No. 23 Borrowing Costs	January 1, 2020
TAS No. 28 Investments in Associates and Joint Ventures	January 1, 2020
TAS No. 32 Financial Instruments : Presentation	January 1, 2020
TFRIC No. 16 Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC No. 19 Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020
TFRIC No. 23 Uncertainty over Income Tax Treatments	January 1, 2020
Guide on Accounting : Financial Instruments and Disclosures for Insurance Business	January 1, 2020
Guide on Accounting : Exemption for Business Combination under Common Control in case of First-time Adoption of International Financial Reporting Standards	January 1, 2020

The Company has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Company's financial statements.

3. Accounting policies

3.1 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

3.2 Trade receivable

Trade receivables are carried in the statement of financial position at the amount expected to be collectible. For the allowance for doubtful debt considers from those receivable which are likely to be uncollectible. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

3.3 Inventory

Raw material and finish goods are valued at cost under moving average method or net realizable value whichever is lower. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all

attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

3.4 Investment property

Investment property, which is property held to earn rentals or for capital appreciation is measured initially at its costs, including transaction cost. Subsequent to initial recognition, investment property is measured at the cost method net from the allowance for impairment (if any).

3.5 Property, plant and equipment

The Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Company's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows :

Factory buildings and building improvement	35 years
Machinery and equipment	7 - 30 years
Tool and equipment	5 - 10 years
Office furniture and equipment	5, 10 years
Motor vehicles	5 - 20 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.6 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful life, are stated at cost less accumulated amortization and impairment losses (if any). Amortization is calculated using the straight-line method to allocate the cost over their estimated useful life 10 years.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.8 Long-term lease agreement

Where the Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the

useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.9 Impairment of assets

The carrying amounts of the Company's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Company will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

3.10 Provisions

Provisions are recognized when the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed; the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.11 Revenue recognition

The Company sells the steel products including an assurance-type warranty that provides a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications by replacement of a defective steel products in accordance with the Company's customary business practice, the Company recognizes such the revenue from sale of steel products when the Company transfers to the customer the control of promised goods identified as a performance obligation satisfied at a point in time according to the amount of the transaction price and also recognizes a warranty provision based on the best estimate of the expenditure required to settle the obligation.

The Company determines the transaction price, which is the fixed amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer for that performance obligation.

3.12 Employee benefits

Defined contribution plan

The Company operates a provident fund which is funded by payments from employees and by the Company. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

Defined benefit plan

The Company has the employee benefit obligation in case of retirement or termination under the labor law. The Company hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, current service cost and related interest expense. The current service cost and interest expense are recognized in profit or loss. Actuarial gains and losses arising from re-measurement of the employee benefit obligation are recognized in other comprehensive income and transferred in retained earnings, respectively without reclassification of those amounts to profit or loss in a subsequent period.

Other long-term employee benefit

The other long-term employee benefit obligation is calculated same as the calculation of the defined benefit plan. However, the current service cost, interest expense and actuarial gains and losses arising from re-measurement of the other long-term employee benefit obligation are recognized in profit or loss.

3.13 Foreign currency transactions

The Company translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.14 Income tax

The Company recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for such period, the excess will be recognized as an asset in the statement of financial position.

The Company recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Company measures the current tax liabilities and assets for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Company recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

3.15 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Forward contracts are carried at fair value and presented in other current assets or other current liabilities. Unrealized gains or losses on changes in fair value are recognized in profit or loss.

3.16 The important accounting estimation, supposition and judgment application

The estimation, supposition and judgment application have been continuously reviewed and assessed and they are on the background of the history experience and other factors that include the expectation of the event in the future which believe that there are reasons in that situation.

Property, plant and equipment and intangible assets

Management determines the estimated useful life and residual values for the Company's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful life and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been sold or abandoned.

Finance lease

The Company has entered into lease agreements for rental vehicle. The Company has determined, based on an evaluation on terms and conditions of the arrangements, that the lease transfers ownership of these assets to the lessee, and so accounts for the contracts as finance leases.

Employment benefits

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4. Change in accounting policies

From January 1, 2019 onward, the Company has applied TFRS No.15 Revenue from Contracts with Customers. The financial reporting standard requires that the Company shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services whereby setting the core principle concerning the revenue recognition by applying the five steps consisting of : Identify the contract with a customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract and Recognize revenue when (or as) the entity satisfies a performance obligation, instead of the previous revenue recognition principle. The Company has applied the retrospective adjustment to the comparative financial information.

However this change does not have any significant impact on the Company's financial statements.

5. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Chaisupat family is a major shareholder, holding 80.70 % (2018 : 80.12%) of the share capital of the Company. Transactions related to companies in which the Chaisupat family is the principal shareholders or directors are recognized as related parties to the Company.

On January 3, 2020, the board of directors' meeting no. 1/2020 resolved to borrow short-term loan in amount of Baht 100.00 million from a director to be used as the Company's working capital. The interest is charged by fixing interest rates lower than the same type of loans received by financial institutions. The Company can gradually make payments for the principal to lower the interest payment when the Company is ready.

The transactions with related parties for the years ended December 31, 2019 and 2018 and as follows:

5.1 Inter-assets and liabilities

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Trade receivable		
C.C.P. Metal Company Limited	520,078.31	1,979,765.57
Post-date cheque receivable		
C.C.P. Metal Company Limited	2,857,837.45	2,397,157.17
Advance payment		
Chaisupat Company Limited	250,500.00	250,500.00
Total trade and other current receivables	<u>3,628,415.76</u>	<u>4,627,422.74</u>
Leasehold contract guarantee		
Chaisupat Company Limited	2,800,000.00	2,800,000.00
Advance payment from director		
Director	-	900,000.00

5.2 Inter-revenues and expenses

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Revenues from sales		
C.C.P. Metal Company Limited	22,659,521.80	17,572,365.50
Rental expenses – office and warehouse		
Chaisupat Company Limited	5,332,200.00	5,332,200.00

5.3 Management compensation

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	22,264,731.60	22,502,503.20
Past service cost	2,454,320.00	-
Post-employment benefits	2,535,841.00	1,666,294.17
Other long-term employee benefits	13,556.00	11,322.00
Total	<u>27,268,448.60</u>	<u>24,180,119.37</u>

5.4 Pricing policies

<u>Trading transactions</u>	<u>Policy of pricing</u>
Revenues from sales	Cost price \pm 3.0%
Rental expenses	Rate rental approximate to charged compared nearly area.
Management benefit expenses	Unanimously of the minute of shareholder meeting.

5.5 Nature of relationship

<u>Name</u>	<u>Relationship</u>
Chaisupat Company Limited	Parent company by shareholding and mutual management.
C.C.P. Metal Company Limited	Related company by management as related persons.

5.6 Commitments with related parties

The Company constitutes lease contract of building, equipment and warehouse from the parent company for 3 years since July 1, 2019 to June 30, 2022. As at December 31, 2019 and 2018, the Company had obligation to repay end of the lease as follows :

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Maturities of payment		
- Not later than 1 year	5,332,200.00	2,666,100.00
- Later than 1 year and not later than 3 years	7,998,300.00	-
Total	13,330,500.00	2,666,100.00

As at December 31, 2019 and 2018, leasehold contract guarantee - building in amount of Baht 2.80 million is guarantee repayable to the related parties so as for collateral against the damage any lose in accordance with area rental contract of the office plus equipment warehouse. The contract life for three years while the return is received within 30 days commenced from the date the Company handovers leased place to the related parties.

6. Trade and other receivables - related companies

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Trade receivables	520,078.31	1,979,765.57
Notes receivable	2,857,837.45	2,397,157.17
Total	3,377,915.76	4,376,922.74
Other receivables	250,500.00	250,500.00
Total trade and other receivable	3,628,415.76	4,627,422.74

Outstanding trade and notes receivable - related companies can be aged are as follows : -

	(Unit: Baht)	
	<u>2019</u>	<u>2018</u>
Within credit term	3,377,915.76	4,376,922.74
Overdue 1 - 3 Months	-	-
Overdue 3 - 6 Months	-	-
Overdue 6 - 12 Months	-	-
Overdue over 12 Months	-	-
Total	3,377,915.76	4,376,922.74

7. Trade and other receivable - other companies

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Trade receivables	356,414,632.44	366,782,670.50
Notes receivable	124,244,106.73	170,930,121.10
Returned cheques	39,128,588.77	38,731,261.74
Total	519,787,327.94	576,444,053.34
<u>Less</u> Allowance for doubtful debt	(59,599,095.33)	(48,755,052.40)
Total trade and notes receivable	460,188,232.61	527,689,000.94
Deposits payment	78,893.46	435,500.00
Prepaid expenses	928,570.93	1,095,086.93
Revenue Department receivable	21,700,853.55	5,534,826.09
Advance payment for goods	507,151.10	-
Other receivables	2,362,192.06	52,173.52
Total trade and other receivables	485,765,893.71	534,806,587.48

Outstanding trade and notes receivable - third parties can be aged is as follow:-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Within credit term	409,594,224.03	461,574,928.90
Overdue 1 - 3 Months	68,351,741.15	73,831,450.57
Overdue 3 - 6 Months	1,116,489.24	857,099.31
Overdue 6 - 12 Months	809,846.44	95,595.76
Overdue over 12 Months	39,915,027.08	40,084,978.80
Total	519,787,327.94	576,444,053.34
<u>Less</u> Allowance for doubtful debt	(59,599,095.33)	(48,755,052.40)
Total trade and notes receivable	460,188,232.61	527,689,000.94

The movement allowance for doubtful debts - trade and notes receivable for the years ended December 31, 2019 and 2018 are as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Beginning balance	(48,755,052.40)	(61,297,822.27)
Additions during the year	(14,705,506.75)	(6,293,131.16)
Collect during the year	3,861,463.82	2,757,895.67
Write off bad debts during the year	-	16,078,005.36
Ending balance	<u>(59,599,095.33)</u>	<u>(48,755,052.40)</u>

8. Inventories

Consisted of :-

	2019			2018		
	Allowance for diminutions			Allowance for diminutions		
	Cost	of inventories	Net	Cost	of inventories	Net
Finished goods	314,337,213.74	15,272,280.87)	299,064,932.87	275,079,924.26	(6,052,402.82)	269,027,521.44
Raw materials in transit	92,027,133.57		92,027,133.57	28,385,724.66	-	28,385,724.66
Raw materials	767,264,393.51	18,070,315.29)	749,194,078.22	655,072,269.20	(1,823,800.88)	653,248,468.32
Total	<u>1,173,628,740.82</u>	<u>(33,342,596.16)</u>	<u>1,140,286,144.66</u>	<u>958,537,918.12</u>	<u>(7,876,203.70)</u>	<u>950,661,714.42</u>

The movement of allowance for declining in value of inventories for the years ended December 31, 2019 and 2018 are as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Beginning balance	(7,876,203.70)	(2,503,639.48)
Increase during the year	(25,466,392.46)	(5,372,564.22)
Reversal during the year	-	-
Ending balance	<u>(33,342,596.16)</u>	<u>(7,876,203.70)</u>

For the year ended December 31, 2019, the costs of inventories recognized as expenses are Baht 2,703.39 million. (2018 : Baht 2,521.45 million)

For the year ended December 31, 2019 and 2018, the Company did not reverse a provision for reducing the value of goods.

As at December 31, 2019, a part of inventories with the carrying amount of Baht 9.73 million (2018 : Baht 4.17 million) are expected to be sold more than twelve months after the reporting period.

9. Investment property

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Cost		
As at January 1,	694,133.00	694,133.00
Increase (decrease)	-	-
As at December 31,	694,133.00	694,133.00
Accumulated depreciation		
As at January 1,	-	-
Increase (decrease)	-	-
As at December 31,	-	-
Net book value		
As at December 31,	694,133.00	694,133.00

Land not used for operation with total area of 81 square wah, derived from the transfer of property to pay off debt from the debtor in the past.

On 14 February 2020, the independent appraiser (Golden Land Appraisal Co., Ltd.) appraises the value of land by applying the market price comparison approach (based on the highest and best use principle) by using the bid price of other land having similar characteristic with the land of Company, and it appears that the fair value of land is equal to Baht 1.05 million (2018 : Baht 1.05 million).

The independent appraiser did not change the valuation technique from the last year.

TFRS No.13 “Fair Value Measurement” establishes a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value, as follows :-

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on the level of the fair value hierarchy within the fair value measurements as at December 31, 2019 and 2018 is as follows :-

(Unit : Baht)

2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Land	-	1,050,000.00	-
			<u>Total</u>
			1,050,000.00

(Unit : Baht)

2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Land	-	1,050,000.00	-
			<u>Total</u>
			1,050,000.00

There is no the income and expenses related to the investment properties recognized in profit or loss for the year ended December 31, 2019 and 2018.

10. Property, plant and equipment

Consisted of :-

(Unit : Baht)

	Land and land improvement	Factory building and building improvement	Machinery and equipment	Tool and equipment	Office furniture and equipment	Motor vehicles	Assets under construction	Total
Cost								
As at January 1, 2019	173,027,031.81	204,946,004.55	384,982,093.98	8,662,105.24	16,921,894.53	102,179,384.13	96,147,946.93	986,866,461.17
Purchases	-	-	24,280.00	361,293.93	1,295,146.00	-	28,528,580.36	30,209,300.29
Disposal	-	-	-	-	(489,000.00)	(1,480,000.00)	-	(1,969,000.00)
Written – off	-	-	-	-	(157,349.28)	-	-	(157,349.28)
Transfer in (out)	-	57,249,195.65	26,434,139.33	-	-	-	(94,127,333.98)	(10,443,999.00)
As at December 31, 2019	173,027,031.81	262,195,200.20	411,440,513.31	9,023,399.17	17,570,691.25	100,699,384.13	30,549,193.31	1,004,505,413.18
Accumulated depreciation								
As at January 1, 2019	-	(62,615,750.45)	(219,275,709.85)	(6,068,008.79)	(11,077,338.63)	(36,836,851.08)	-	(335,873,658.80)
Depreciation for the year	-	(6,429,876.20)	(15,544,406.25)	(527,614.05)	(2,090,873.70)	(4,739,784.73)	-	(29,332,554.93)
Disposal	-	-	-	-	464,838.20	1,089,999.00	-	1,554,837.20
Written – off	-	-	-	-	157,344.28	-	-	157,344.28
Transfer in (out)	-	-	10,443,999.00	-	-	-	-	10,443,999.00
As at December 31, 2019	-	(69,045,626.65)	(224,376,117.10)	(6,595,622.84)	(12,546,029.85)	(40,486,636.81)	-	(353,050,033.25)
Allowance for impairment								
As at January 1, 2019	-	(2,107,242.50)	(2,921,346.52)	-	-	-	-	(5,028,589.02)
(Increase) decrease	-	-	-	-	-	-	-	-
As at December 31, 2019	-	(2,107,242.50)	(2,921,346.52)	-	-	-	-	(5,028,589.02)
Net book value								
As at December 31, 2019	173,027,031.81	191,042,331.05	184,143,049.69	2,427,776.33	5,024,661.40	60,212,747.32	30,549,193.31	646,426,790.91

Depreciation in the statement of comprehensive income for the year ended December 31, 2019

29,332,554.93

(Unit : Baht)

	Land and land improvement	Factory building and building improvement	Machinery and equipment	Tool and equipment	Office furniture and equipment	Motor vehicles	Assets under construction	Total
Cost								
As at January 1, 2018	173,027,031.81	204,946,004.55	331,251,650.17	7,750,742.82	13,825,874.72	105,765,884.13	79,786,717.83	916,353,906.03
Purchases	-	-	5,339,369.53	911,362.42	3,096,019.81	13,500.00	64,752,303.38	74,112,555.14
Disposal	-	-	-	-	-	(3,600,000.00)	-	(3,600,000.00)
Transfer in (out)	-	-	48,391,074.28	-	-	-	(48,391,074.28)	-
As at December 31, 2018	173,027,031.81	204,946,004.55	384,982,093.98	8,662,105.24	16,921,894.53	102,179,384.13	96,147,946.93	986,866,461.17
Accumulated depreciation								
As at January 1, 2018	-	(56,829,186.44)	(203,960,842.80)	(5,571,209.15)	(8,994,205.59)	(32,845,250.81)	-	(308,200,694.79)
Depreciation for the year	-	(5,786,564.01)	(15,314,867.05)	(496,799.64)	(2,083,133.04)	(5,170,686.02)	-	(28,852,049.76)
Disposal	-	-	-	-	-	1,179,085.75	-	1,179,085.75
Transfer in (out)	-	-	-	-	-	-	-	-
As at December 31, 2018	-	(62,615,750.45)	(219,275,709.85)	(6,068,008.79)	(11,077,338.63)	(36,836,851.08)	-	(335,873,658.80)
Allowance for impairment								
As at January 1, 2018	-	(2,107,242.50)	(2,921,346.52)	-	-	-	-	(5,028,589.02)
(Increase) decrease	-	-	-	-	-	-	-	-
As at December 31, 2018	-	(2,107,242.50)	(2,921,346.52)	-	-	-	-	(5,028,589.02)
Net book value								
As at December 31, 2018	173,027,031.81	140,223,011.60	162,785,037.61	2,594,096.45	5,844,555.90	65,342,533.05	96,147,946.93	645,964,213.35

Depreciation in the statement of comprehensive income for the year ended December 31, 2018

28,852,049.76

As at December 31, 2019, certain plant and equipment item of the Company has been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 84.64 million. (2018 : Baht 84.64 million)

As at December 31, 2019, land plus property and machinery book value in amount of Baht 162.63 million. (2018 : Baht 166.34 million) The Company has pledged as collateral against credit facility which received from a financial institution in accordance with Note no.29. In addition, the beneficiary from insurance in the amount according to the insurance contract in amount of Baht 251.44 million (2018 : Baht 251.44 million) is granted to such financial institution.

Vehicle under finance leases, where the Company is lessee with net book value as at December 31, 2019 of Baht 9.51 million. (2018 : Baht 10.42 million)

11. Intangible assets

Consisted of :-

(Unit : Baht)

	2019		
	Computer software	Computer software during installation	Total
Cost			
As at January 1,	1,475,800.00	5,756,987.33	7,232,787.33
Purchase	-	1,447,125.00	1,447,125.00
As at December 31,	1,475,800.00	7,204,112.33	8,679,912.33
Accumulated amortization			
As at January 1,	(630,816.32)	-	(630,816.32)
Amortization for the year	(147,579.71)	-	(147,579.71)
As at December 31,	(778,396.03)	-	(778,396.03)
Net book value			
As at December 31,	697,403.97	7,204,112.33	7,901,516.30

Amortization in statement of comprehensive income

147,579.71

(Unit : Baht)

	2018		
	Computer software	Computer software during installation	Total
Cost			
As at January 1,	1,444,720.00	-	1,444,720.00
Purchase	31,080.00	5,756,987.33	5,788,067.33
As at December 31,	1,475,800.00	5,756,987.33	7,232,787.33
Accumulated amortization			
As at January 1,	(531,005.24)	-	(531,005.24)
Amortization for the year	(99,811.08)	-	(99,811.08)
As at December 31,	(630,816.32)	-	(630,816.32)
Net book value			
As at December 31,	844,983.68	5,756,987.33	6,601,971.01
Amortization in statement of comprehensive income			99,811.08

12. Deferred tax assets

The movements of deferred tax assets for the year ended December 31, 2019 and 2018, are as follows :-

	(Unit : Baht)					
	January 1, 2018	Recognized in profit or loss	December 31, 2018	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2019
Trade receivables	3,242,676.37	(1,515,455.30)	1,727,221.07	(1,727,221.07)	-	-
Inventories	234,571.33	-	234,571.33	-	-	234,571.33
Property, plants and equipment	841,524.89	-	841,524.89	-	-	841,524.89
Obligation under finance lease	(2,498,731.25)	2,053,067.41	(445,663.84)	(71,560.13)	-	(517,223.97)
Employee benefit obligation	4,242,639.80	-	4,242,639.80	-	(392,303.00)	3,850,336.80
Total	6,062,681.14	537,612.11	6,600,293.25	(1,798,781.20)	(392,303.00)	4,409,209.05

The deferred tax asset is not recognized in the statement of financial position consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Unused tax losses		
- Expire in next 1 year	8,060,362.16	-
- Expire in next 2 - 5 years	26,548,484.05	29,399,642.06
Temporary differences	26,621,206.02	14,570,209.47
Total	<u>61,230,052.24</u>	<u>43,969,851.53</u>

13. Bank overdrafts and short-term loans from financial institutions

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Bank overdrafts	11,864,735.72	42,790,094.79
Trust receipts payable	1,668,779,126.57	1,376,526,370.78
Total	<u>1,680,643,862.29</u>	<u>1,419,316,465.57</u>

As at December 31, 2019, trust receipts payable are loaned from several commercial banks, carried interest rate of MOR and MRR-2% per annum. (2018 : MOR and MRR-2% per annum) Ownership of merchandise purchased from trust receipt contract performance is still belonged to a commercial bank until there is repayment of trust receipt payables to such commercial bank.

4. Trade and other payable - other companies

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Trade payables	95,787,150.21	81,733,391.89
Accrued expenses	5,588,077.01	8,400,129.05
Accrued dividend	151,540.30	151,540.30
Other payables	7,986,137.26	3,312,977.95
Payables for purchase of assets	772,993.75	1,521,410.49
Payable for forward foreign exchange contracts	1,258,682.64	173,686.12
Total trade and other payables	<u>111,544,581.17</u>	<u>95,293,135.80</u>

15. Contract liabilities

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Advances received for goods	-	3,671,500.00

16. Obligation under finance lease

Obligation under finance lease - minimum lease payments:

	2019			2018		
	Obligation under finance lease	Deferred finance lease charges	Net	Obligation under finance lease	Deferred finance lease charges	Net
Not later than 1 year	1,082,148.00	(106,319.25)	975,828.75	1,658,148.00	(202,839.71)	1,455,308.29
Later than 1 year but not later than 6 years	1,058,792.14	(52,856.80)	1,005,935.34	2,140,940.14	(159,176.05)	1,981,764.09
Total	2,140,940.14	(159,176.05)	1,981,764.09	3,799,088.14	(362,015.76)	3,437,072.38

As at December 31, 2019, the Company performs the contract of long term financial leased with leasing company so as to lease motor vehicle by number of 3 contracts (2018 : 3 contracts), The leased contracts determine leased fee repayment as monthly installment from Baht 36,000.00 - 66,179.00 per month. (2018 : Baht 36,000.00 – 66,179.00 per month) The leased period is carried 5 years. (2018 : carried 5 - 6 years)

17. Employee benefit obligation

Consisted of :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Retirement employee benefit obligation	32,207,711.04	25,155,919.96
Other long-term employee benefit obligation	1,064,008.00	1,241,953.00
Total	33,271,719.04	26,397,872.96

Changes in the present value of the retirement employee benefit obligation for the year ended December 31, 2019 and 2018 are as follows :-

(Unit : Baht)

	<u>2019</u>	<u>2018</u>
Opening employee benefit obligation balance	25,155,919.96	21,171,841.00
Past service cost	5,523,085.00	-
Current service cost	4,614,060.08	3,490,814.96
Interest cost	579,368.00	493,264.00
Actuarial losses arising from change in demographic assumption	1,044,825.00	-
Actuarial losses arising from change in financial assumption	(2,127,909.00)	-
Actuarial gains arising from change in experience adjustment	(878,431.00)	-
Benefit paid	(1,703,207.00)	-
Ending employee benefit obligation balance	<u>32,207,711.04</u>	<u>25,155,919.96</u>

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate.

On 23 January 2019, the Federation of Accounting Professions had a resolution that the Company has to recognize the past service costs as expenses in the profit or loss for the year 2018 or 2019.

During 2019, the Company has recognized the increasing of provision for retirement benefits and past service cost approximately Baht 5.52 million in the statement of comprehensive income for the year ended December 31, 2019.

Changes in the present value of the other long-term employee benefit obligation for the year ended December 31, 2019 and 2018 are as follows :-

(Unit : Baht)

	<u>2019</u>	<u>2018</u>
Opening employee benefit obligation balance	1,241,953.00	942,925.00
Current service cost	278,447.38	277,144.00
Interest cost	26,468.00	21,884.00
Actuarial gains arising from change in demographic assumption	7,067.00	-
Actuarial losses arising from change in financial assumption	(37,679.00)	-
Actuarial gains arising from change in experience adjustment	(258,868.00)	-
Benefit paid	(193,380.38)	-
Ending employee benefit obligation balance	<u>1,064,008.00</u>	<u>1,241,953.00</u>

Principal actuarial assumptions as at December 31, 2019 and 2018 are as follows :

	<u>2019</u>	<u>2018</u>
Discount rate at end of year	1.63%	2.33%
Future salary growth	5.58%	7.00%
Proportion of employees opting for early retirement	0% - 38%	0% - 39%

Changes in the actuarial assumption will affect to the employee benefit obligation as at December 31, 2019 and 2018 are as follows :-

	(Unit : Baht)	
	Employee benefit obligation Increase (decrease)	
	<u>2019</u>	<u>2018</u>
If the discount rate increase 1%	(2,874,411.00)	(2,279,110.00)
If the discount rate decrease 1%	3,379,825.00	2,692,125.00
If the future salary growth increase 1%	3,144,619.00	2,671,107.00
If the future salary growth decrease 1%	(2,738,848.00)	(2,230,649.00)
If the proportion of employees opting for early retirement increase 1%	(3,067,275.00)	(2,468,748.00)
If the proportion of employees opting for early retirement decrease 1%	1,328,092.00	1,164,183.00

Information about the maturity of the employee benefit obligation are as follows :-

The Company expect to pay of long-term employee benefits during the next year are as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Amount of the obligation expected to be paid		
- Not later than 1 year	1,925,893.00	1,922,566.00

As at December 31, 2019, the weighted average duration of the liabilities for long-term employee benefit of the Company is 12 years (2018 : 12 years).

18. Share capital

	Number of ordinary shares (Unit : Share)	Amount (Unit : Baht)
Registered share capital (Baht 1 per share)		
As at January 1, 2018	621,166,300	621,166,300.00
Increment of capital during the year	-	-
As at December 31, 2018	621,166,300	621,166,300.00
Increment of capital during the year	-	-
As at December 31, 2019	621,166,300	621,166,300.00
	Number of ordinary shares (Unit : Share)	Amount (Unit : Baht)
Issued and paid-up share capital (Baht 1 per share)		
As at January 1, 2018	496,168,826	496,168,826.00
Increment of capital during the year	-	-
As at December 31, 2018	496,168,826	496,168,826.00
Increment of capital during the year	-	-
As at December 31, 2019	496,168,826	496,168,826.00

As at 31 December 2019 and 2018, the total number of registered ordinary shares is in number of 621,166,300 shares. There is par value of Baht 1.00 per share. Shares capital issued and paid-up from in number of Baht 496.17 million.

The capital management

The Company constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Company will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

On February 28, 2020, the board of directors' meeting no. 2/2020, passed a resolution to propose considered and approved to transfer all the legal reserves and all of the premium holders' meeting to compensate the accumulated losses.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

20. Income tax (income) expense

The income tax (income) expense recognized in loss for the year ended December 31, 2019 and 2018 are as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Current income tax income	-	-
Deferred tax expenses relating to the origination and reversal of temporary differences	1,798,781.20	(537,612.11)
Income tax income	<u>1,798,781.20</u>	<u>(537,612.11)</u>

The relationship between income tax (income) expense and accounting losses for the year ended December 31, 2019 and 2018 are as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Accounting loss	(125,646,313.17)	(11,521,254.22)
Tax rate used	20%	20%
Tax at the applicable tax rate	(25,129,262.63)	(2,304,250.84)
Temporary differences not recognized as a deferred tax assets	11,135,697.77	2,190,901.77
Previous temporary difference not recognized as a deferred tax asset	(379,317.40)	-
Expenses that are not deductible in determining taxation profit	165,267.79	508,962.52
Expenses that are deductible in determining taxation profit	(904,721.95)	(20,511.42)
Carried forward loss not recognized as a deferred tax assets	-	(912,714.14)
Loss from operations	16,911,117.62	-
Income tax (income) expense	1,798,781.20	(537,612.11)

The income tax expense recognized in other comprehensive income for the year ended December 31, 2019 and 2018 are as follow:

	(หน่วย : บาท)	
	<u>2019</u>	<u>2018</u>
Deferred tax		
Actuarial gain	392,303.00	-
Total income tax expense recognized in other comprehensive income	392,303.00	-

21. Basic loss per share

Basic loss per share are calculated by dividing the loss for the year (excluding other comprehensive income) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

22. Supplemental disclosures of cash flow information

22.1 Cash and cash equivalents

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Cash	401,056.00	525,906.00
Cheque on hand	7,718,396.31	-
Cash deposits - saving accounts	274.95	296.17
Cash deposits - current accounts	5,943,906.18	190,801.65
Total	14,063,633.44	717,003.82

22.2 Non - cash items

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Purchases of assets but not yet paid	772,993.75	1,521,410.49

22.3 Liabilities arising from financing activities

The movements of liabilities arising from financing activities the year ended December 31, 2019 and 2018 is as follows :-

	(Unit : Baht)			
	<u>January 1, 2019</u>	<u>Cash items</u>	<u>Changes in foreign exchange rates</u>	<u>December 31, 2019</u>
Short-term loans from financial institutions	1,419,316,465.57	267,072,783.25	(5,745,386.53)	1,680,643,862.29
Obligation under finance lease	3,437,072.38	(1,455,308.29)	-	1,981,764.09
Total	1,422,753,537.95	265,617,474.96	(5,745,386.53)	1,682,625,626.38

	(Unit : Baht)			
	<u>January 1, 2018</u>	<u>Cash items</u>	<u>Changes in foreign exchange rates</u>	<u>December 31, 2018</u>
Short-term loans from financial institutions	1,322,868,468.69	96,558,647.95	(110,651.07)	1,419,316,465.57
Obligation under finance lease	6,407,207.93	(2,970,135.55)	-	3,437,072.38
Total	1,329,275,676.62	93,588,512.40	(110,651.07)	1,422,753,537.95

23. Employee benefit

23.1 Provident fund

For the year ended December 31, 2019, the Company recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 0.87 million. (2018 : Baht 0.90 million).

23.2 Retirement employee benefit

For the year ended December 31, 2019 and 2018, the Company recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Amounts recognized in profit or loss		
Past service cost	5,523,085.00	-
Current service cost	4,614,060.08	3,490,814.96
Interest cost	579,368.00	493,264.00
Total amounts recognized in profit or loss	10,716,513.08	3,984,078.96
Amounts recognized in other comprehensive income		
Actuarial losses arising from change in demographic assumption	1,044,825.00	-
Actuarial gain arising from change in financial assumption	(2,127,909.00)	-
Actuarial gains arising from change in experience adjustment	(878,431.00)	-
Total amounts recognized in other comprehensive income	(1,961,515.00)	-
Total	8,754,998.08	3,984,078.96

An item of the employee benefit expense in case of retirement or termination under the labor law recognized in profit or loss for the year ended December 31, 2019 and 2018 is inclusively presented in the line items, as follows :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Cost of sales	4,816,880.00	1,753,760.00
Selling expenses	342,543.00	145,001.00
Administrative expenses	975,610.08	419,023.79
Management compensation	4,581,480.00	1,666,294.17
Total	<u>10,716,513.08</u>	<u>3,984,078.96</u>

23.3 Other long-term benefit

For the year ended December 31, 2019, the Company recognizes as the other long-term employee benefit expense in profit or loss at the amount of Baht 0.30 million. (2018 : Baht 0.30 million)

24. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended December 31, 2019 and 2018. Are as follow :-

	(Unit : Baht)	
	<u>2019</u>	<u>2018</u>
Change in finished goods	(39,257,289.48)	(13,959,887.99)
Raw material and supplied used	2,597,028,784.47	2,380,407,148.27
Purchases finish goods	73,536,050.63	109,219,396.13
Bad debts and doubtful debts	10,844,042.93	3,535,235.49
Employee benefit expenses	91,259,375.24	88,881,780.06
Depreciation and amortization	29,480,134.63	28,951,860.84
Loss from declining in value of inventories	25,466,392.46	5,372,564.22
Management benefit	27,268,448.60	24,180,119.37

25. Operating segments

The Company identified the operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance. However, the Company, from the first quarter of 2019, has a single reportable segment which is the business of distribution of steel product and its operation is in one geographical area that is Thailand. The Company measures the profit or loss for each segment from the gross profit excluding the items of other income, interest income, gain or loss on exchange rate, other central expenses and finance cost.

Additional Information of major customers

For the year ended December 31, 2019 and 2018, the Company did not earn the revenues from sales of goods with each customer over 10% of the Company's revenues.

26. Revenue

The relationship between the revenue information disclosed for each reportable segment and the revenue derived from transfer of goods and services over time and a point in time for the year ended on December 31, 2019 and 2018 are as follows :-

	(Unit : Million Baht)	
	Segment operation	
	<u>2019</u>	<u>2018</u>
Revenues from external customers	2,759.99	2,677.43
Revenues about geographic areas		
- Thailand	2,759.99	2,677.43
Revenues recognized when a performance obligation		
- satisfied at a point in time	2,759.99	2,677.43

The amount of revenues recognized in the financial statement for the year period ended on December 31, 2019 and 2018 that was included in the contract liability balance as at December 31, 2018 and 2017 are as follows :-

	(Unit : Baht)	
	As at	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Revenues from sales	3,671,500.00	-

27. Financial instruments

27.1 Risk management

The Company has no policy to deal in financial instruments for speculation or trade.

27.2 Risk from interest rates

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, credit facilities owing to the commercial bank and financial institutions and long-term loans from financial institutions. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Company anticipates of non material risk from interest rates.

	Amount (Unit : Million Baht)		Interest rate per annum (%)	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank overdrafts	11.86	42.79	MOR	MOR
Trust receipts payable	1,668.78	1,376.53	MRR-2	MRR-2
Obligation under finance lease	1.98	3.44	7.30%	6.50%-8.77%

27.3 Credit risk

The Company faces risk from extending credit to customers who default on payment, however the Company evaluate each clients' ability to pay before giving credit and make a sufficient provision for doubtful debts in accordance with accounting policy. Moreover, the Company has no significant concentrations of credit risks.

27.4 Foreign Currency Risk

The Company constitutes material risk from exchange rates in overseas currencies which has been trade accounts receivable and payable those are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract or buying foreign exchange option dependent on each case.

As at December 31, 2019 and 2018, the Company has foreign currency assets and liabilities are as follows :-

	Foreign Currency Assets		Foreign Currency Liabilities	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
US Dollar	9.20	9.20	15,796,783.74	2,740,880.12

27.5 Fair value

The carrying amounts of cash and cash equivalent, trade receivable and payable, other receivable and payable to related parties and short-term loan from financial institutions close to their fair value due to these financial assets and liabilities are short-term. Obligations under finance lease carry interest at rate close to current market rate so that the carrying value of such obligations under finance lease close to their fair value.

28. Financial instruments

TFRS No.13 “Fair Value Measurement (revised 2018)” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The TFRS requires the Company shall disclose about fair value measurement for financial asset and liability in which the other related TFRSs requires or permits fair value measurement or disclosure about fair value.

The TFRS establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value, as follows :-

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on certain assets and liabilities of the Company which are not measured at fair value in the statement of financial position as at December 31, 2019 and 2018 are described in notes to financial statement no.9 and no.27.5.

Information on assets and liabilities of the Company which are measured at fair value in the statement of financial position as at December 31, 2019 and 2018, are as follows :-

(Unit : Million Baht)

Assets and liabilities	Fair value		Fair value hierarchy	Valuations techniques
	2019	2018		
Foreign currency forward as assets (liabilities) contract (Note 30.2)	(1.26)	(0.17)	Level 2	Calculated by the value declared by the financial institution.

For the year ended on December 31, 2019, there is no the transfer of any amount between level 1 and level 2 of the fair value hierarchy.

29. Credit Facility from the Financial Institute

As at December 31, 2019, the Company received credit limit of bank overdraft account, long-term loan, letter of credit and trust receipt, foreign currency trading, letter of guarantee against the use of electricity from several finance institutes and commercial bank. The total credit limit in amount of Baht 3,012.13 million, (2018 : Baht 3,012.13 million) while there is land, factory, factory building and machineries of the Company, land and building of the Parent Company as guarantors.

30. Obligation and contingent liabilities

30.1 Apart from the various liabilities presented in the financial statements, the Company has the obligations as at December 31, 2019 and 2018 are as follow:

	(Unit : Million Baht)	
	<u>2019</u>	<u>2018</u>
Letter of Credit		
US Dollar	3.33	1.35
Baht	2.55	-
Letter of Guarantee		
Baht	2.04	2.04

30.2 As at December 31, 2019, the Company has entered into the forward foreign currency contracts in amount of USD 4.00 million which holds the contract life not exceeding one year (December 31, 2018 : USD 1.08 million).

30.3 As at December 31, 2019 and 2018, the Company has entered into three service agreements with the fourth party. The Company has the committed to pay service fees in the amount of Baht 4,123.00 - 122,400.00 per month.

30.4 As at December 31, 2019, the Company has outstanding commitment from entered into the installation ERP system agreement with a company amounting to Baht 2.65 million (December 31, 2018 : Bath 3.78 million).

31. Reclassification of accounting transactions

Some transactions in statement financial position as at December 31, 2018 newly reclassified so as to comply with reflection in statement financial position as at December 31, 2019 which can be summarized as follows:

		(Unit : Baht)
Transactions which formerly presented	Reclassified	As at December 31, 2018
Trade and other current payables - other companies	Contract liabilities	3,671,500.00

32. Litigation


On 26 August 2019, Toyota Tsusho (Thailand) Co., Ltd., a counterparty of the agreement for the import of steel products and sell to the Company, has filed a lawsuit to the civil court against the Company. The lawsuit demanded Baht 153.13 million of compensation with the interest of 7.50% per annum on the allegation that the Company has breached the steel purchasing agreement on the conditions regarding the steel products imported under the right for exemption of the provisional import duty or protection duty for usage in automotive industry. In October 2019, the Company has assigned a lawyer to defense the case per the legal procedure. Furthermore, the Company is certain that the Company did not commit the breach as alleged by the counterparty.

Nevertheless, the said case is in the court procedure and the Company believe that the court adjudication shall not cause any damage to the Company. Therefore, the Company did not record allowance for damage that may incurred from the said matter in the financial statements.



33. Approval of financial statements



The financial statements were authorized for issue by the Company's board of directors on February 28, 2020.

Resume of Directors, Management, Authorized Directors and Corporate Secretary of CSP Steel Center Public Company Limited


Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
Mr. Supachai Chaisupat Age : 71 Chairman / CEO / Authorized Director 	High School Director Accreditation Program (DAP) 31/2005 2017 – AC Hot Update, Preparing for new CG for Sustainability.	Father of Mr. Weerasak Chaisupat and Mr. Kritsada Chaisupat	8.47	1992 - Present 1987 - Present	- President (Appointed Date: 31/03/2017) CEO (Appointed Date: 17/02/1992) CSP Steel Center., Pcl. - Director Chaisupat Co., Ltd. (Being Director/Management in 1 Non- Registered Company: Chaisupat Co., Ltd. More details shown in “Related Parties Transactions”, Non-competition with CSP)
Mr. Weerasak Chaisupat Age : 47 Managing Director / Director / CG Committee / Authorized Director	Master of International Business JOHNSON&WALES UNIVERSITY,U.S.A Bachelor of Marketing JOHNSON&WALES UNIVERSITY,U.S.A Director Accreditation Program (DAP) 31/2005	Son of Mr. Supachai Chaisupat and husband of Mrs. Suwimon Chaisuapat	6.12	2019 - Present 2005 - Present	- CG Committee (Appointed Date: 25/02/2019) CSP Steel Center., Pcl. - Managing Director (Appointed Date: 16/03/2005) Director (Appointed Date: 31/03/2016) CSP Steel Center., Pcl.


[illegible]

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
	Director Accreditation Program (DAP) 31/2005 2019 - Advanced Master of Management Program (Class No. 4)				(Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Mr. Bunjerd Somsem Age : 59 Director/ Nomination and Remuneration Committee 	Bachelor of Marketing Thammasat University Director Accreditation Program (DAP) 31/2005	-None-	0.006	2014 - Present 2005 - Present 1985 - Present	- Nomination and Remuneration Committee (Appointed Date: 20/04/2018) CSP Steel Center ., Pcl - Director (Appointed Date: 20/04/2018) CSP Steel Center., Pcl. .- Vice President of Risk Assets Collation Bangkok Bank., Pcl. (Not being Director/Management in other none registered or registered company/competitive or related to competitors)

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
Mrs. Panthipa Chewthanasoontorn Age : 66 Director 	Bachelor of Business Management Rachamongkol Institute of Technology Director Accreditation Program (DAP) 31/2005	Sister of Mr. Supachai Chaisupat	2.02	2005 - Present 2015 1978 – 2014	- Director (Appointed Date: 20/04/2018) CSP Steel Center., Pcl. - Retirement - Senior Service Officer Bangkok Bank., Pcl. (Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Pol. Maj. Gen. Vichien Samarnpong Age : 73 Director 	Master of Political Science Thammasat University Bachelor of Political Science Thai Police Academy Director Accreditation Program (DAP) 31/2005	-None-	-None-	2016 - Present 2007 - 2012 2005 - 2006 2004 2003	- Director (Appointed Date: 31/03/2016) CSP Steel Center Pcl. - Director CSP Steel Center Pcl. - Chairman of Audit Committee CSP Steel Center Plc. - Government Retirement Police Department of Thailand - Chief Police Office of Chachengsao District

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
				2001	Police Department of Thailand - Chief Police Office of Trat District Police Department of Thailand 2000 - Chief Police Office of Central Investigation Bureau Police Department of Thailand 1999 - Secretary Police Department of Thailand (Not being Director/Management in other none registered or registered company/competitive or related to competitors)

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
<p>Mr. Charus Khanchanakhajit</p> <p>Age : 83</p> <p>Chairman of Audit Committee/ Chairman of Nomination and Remuneration Committee</p> 	<p>Law Institution</p> <p>Bachelor of Law Science</p> <p>Ramkhamhaeng University</p> <p>Director Accreditation Program (DAP) 31/2005</p> <p>2017 – AC Hot Update, Preparing for new CG for Sustainability.</p>	<p>-None-</p>	<p>-None-</p>	<p>2014 - Present</p> <p>2007 – Present</p> <p>2006 - Present</p> <p>2005 - 2006</p> <p>1995 - 2008</p>	<p>- Chairman of Nomination and Remuneration Committee (Appointed Date: 20/04/2018) CSP Steel Center ., Pcl.</p> <p>- Chairman of Audit Committee (Appointed Date: 20/04/2018) CSP Steel Center., Pcl.</p> <p>- Professor The Thai Bar Under The Royal Patronage</p> <p>- Audit Committee CSP Steel Center., Pcl.</p> <p>- Professor National Institute of Development Administration (NIDA)</p> <p>(Not being Director/Management in other none registered or registered company/competitive or related to competitors)</p>


Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
<p>Mr. Janram Atthakrisna</p> <p>Age : 63</p> <p>Audit Committee/ Nomination and Remuneration Committee</p> 	<p>Master of Public Administration</p> <p>National Institute of Development Administration (NIDA)</p> <p>Bachelor of Law Science</p> <p>Ramkhamhaeng University</p> <p>High Vocational Certificate</p> <p>Major in Accounting</p> <p>Rajamangala Institute of Technology Krungthep</p> <p>Managerial Accounting-Cost Accounting Training Program 2004</p> <p>Chulalongkorn University</p> <p>Certified Internal Auditor (CIA) 2005</p> <p>Chulalongkorn University</p>	-None-	-None-	2014 – Present	- Nomination and Remuneration Committee (Appointed Date: 31/03/2017) CSP Steel Center., Pcl.
				2005 - Present	- Audit Committee (Appointed Date: 31/03/2017) CSP Steel Center ., Pcl.
				2017	- Retirement
				2005 – 2016	- Assistant Director of Internal Audit Government Housing Bank
				2003 – 2005	- Assistant Director of Sourcing and Procurement Department Government Housing Bank
				2003	- Assistant Director of Office Manager Government Housing Bank
				2001 – 2003	- Assistant Director of Loan Processing Government Housing Bank
				1998 – 2001	- Assistant Director of The Banking Bureau Inspector, Government Housing Bank

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
	<p>Director Accreditation Program (DAP) 31/2005</p> <p>2017 – AC Hot Update, Preparing for new CG for Sustainability.</p>			<p>1996 – 1998</p> <p>1983 – 1987</p> <p>1979 - 1982</p>	<p>- Chief of Welfare Loan, The Personal Loan Project, Government Housing Bank</p> <p>- Assistant Auditor Mr. Chamnan Rattanakorn Auditor Office</p> <p>- Assistant Auditor Mr. Pradup Tunyacoop Auditor Office</p> <p>(Not being Director/Management in other none registered or registered company/competitive or related to competitors)</p>
<p>Mr. Chalermpong Mahavanidvong</p> <p>Age : 48</p> <p>Audit Committee/ Nomination and Remuneration Committee / Chairman of CG Committee</p>	<p>Master Degree/ MBA in General Management University of Leicester</p> <p>Bachelor Degree/ BBA in General Management Assumption University (ABAC)</p> <p>Director Accreditation Program (DAP) 87/2011</p>	-None-	-None-	<p>2019 - Present</p> <p>2018 - Present</p> <p>2017 – Present</p>	<p>- Chairman of CG Committee (Appointed Date: 25/02/2019) CSP Steel Center., Pcl.</p> <p>- Audit Committee, Nomination and Remuneration Committee (Appointed Date: 28/02/2018) CSP Steel Center., Pcl.</p> <p>- Director, CEO</p>


Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
	<p>ACP (Audit Committee Program) 35/2011</p> <p>RCC (Role of the Compensation Committee) 14/2012</p>			<p>2013 – Present</p> <p>2011 - Present</p> <p>2010 – 2017</p> <p>2008 – 2017</p> <p>2007 – 2008</p>	<p>Bun Co., Ltd. (Manufacturer & Retailer of Bread)</p> <p>- Director at TVD Services Co., Ltd. (Business Support Services)</p> <p>- Director at TV Direct Public Co., Ltd. (Multi-Channel Marketing)</p> <p>- Independent Director/Audit Committee, Nomination and Remuneration Committee DNA Public Co., Ltd. (Digital Life Style Business)</p> <p>- General Manager Nippon Paint Decorative Coatings (Thailand) (Manufacturer & Distributor of Architectural Paint)</p> <p>- Head of Grocery Tesco Lotus Thailand (Retailer)</p>


Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
				1992 – 2006	- General Manager Gillette Thailand Co., Ltd. (Personal Care Products) (Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Mrs. Suwimon Chaisupat Age : 46 Executive Vice President in Finance & Accounting (The Top Management who responsible for Accounting and Financial Department of the company)	Master of International Business JOHNSON&WALES UNIVERSITY,U.S.A Bachelor of Marketing JOHNSON&WALES UNIVERSITY,U.S.A Director Accreditation Program (DAP) 115/2015	Spouse of Mr. Weerasak Chaisupat	-None-	2005 - Present 2014 –2017 2002 - 2004	- Executive Vice President Finance & Accounting (Appointed Date: 16/03/2005) CSP Steel Center., Pcl. -Executive Vice President in Human Resource (Deputy) CSP Steel Center., Pcl. - Finance & Accounting Manager United Steel Service Center Co., Ltd. (Steel Trading)

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
	Orientation Training for CFO of IPOs Companies as June 14, 2017 Announcement of SEC about Qualification of the Highest Level Executive of Financial and Accounting Department, and Direct Accounting Controller.			1999 – 2000	- Assistant Manager BAKER HUGHES INTEQ (Petrol Industry Service) (Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Mrs. Piyarat Sawatdee Age : 64 Executive Vice President in Sales & Marketing 	Associate Degree Siam University	-None-	0.00002	2014 – Present 2005 – 2014 1988 - 2004	- Executive Vice President Sales & Marketing (Appointed Date: 01/01/2015) CSP Steel Center., Pcl. - Sales & Marketing Senior Manager CSP Steel Center., Pcl. - Sales & Marketing Manager Chaisupat Co., Ltd.

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
					(Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Miss Wunthakarn Junthacot Age : 40 Executive Vice President in Human Resources 	Bachelor of General Management Faculty of General Liberal Arts Sisaket Rajabhat University	-None-	-None-	2017 – Present 2015 – 2017 2011 – 2015 2009 – 2011 2004 – 2009	- Executive Vice President in Human Resources (Appointed Date: 01/03/2017) CSP Steel Center., Pcl. - Human Resources Manager CSP Steel Center., Pcl. - Human Resources Manager (Payroll) Orchestra Marketing Co., Ltd. (Music and Entertainment Industry) - Human Resources Officer Bright Blue Water Corporation (Watery System and Equipment) - Human Resources Officer

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
				2002 – 2004	Lekmunwian Co., Ltd. (Steel Scrap and Recycled Steel) - Human Resources Officer Engineering Plastic Co., Ltd. (Industrial Plastic Parts Production) (Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Mr. Mana Srivikanon Age : 48 Accounting Manager (Assigned to be a person who responsible for controlling and managing Accounting of the company) /	Bachelor Degree Major in Accounting Thammasat University Passed the Certify Public Accountant (CPA) exam and registered as a Certified Public Accountant	-None-	-None-	2019 - Present 2018 – Present 2017 – 2018	- CG Committee (Appointed Date: 25/02/2019) CSP Steel Center., Pcl. - Accounting Manager / Corporate Secretary (Appointed Date: 08/10/2018) CSP Steel Center., Pcl. - Audit Director Kamol Bavorn Auditing Office Co., Ltd.

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
Corporate Secretary / CG Committee 	**Qualified as being an Accountant according to Regulations Announcement of the Department of Business Development**			2016 2011 – 2016 1997 – 2011	- TSQC Assistance Manager Federation of Accounting Professions - Auditing, Accounting and Taxation Freelance - Audit Manager Audit and Business Advisory Services Department PricewaterhouseCoopers ABAS Limited (Not being Director/Management in other none registered or registered company/competitive or related to competitors)
Mr. Chatchai Pengmeesri Age : 43 Quality Management System Manager (QMS Manager) / CG Committee	Bachelor Degree, Major in Industrial Production Technology Phranakhon Rajabhat University, Bangkok	-None-	-None-	2019 - Present 2010 – Present	- CG Committee (Appointed Date: 25/02/2019) CSP Steel Center., Pcl. - Quality Management System Manager (QMS Manager)

Name Age / Title	Education-Important Related Training*	Family Relationship with Other management	**Percentage of Total Voting Right (%)	Work Experiences	
	<p>TQA Principles, (Thailand Quality Award) , 5S, QC 7 Tools</p> <p>ISO9001Requirement &Internal Audit ,Key Performance Indicator (KPIS)</p> <p>2019 – Public Training: Determination and Applying of Statistic Process Controlling.</p> <p>2019 – Public Training: Analysis of Potential and Impact Confliction.</p>			<p>2008 – 2010</p> <p>2000 - 2008</p>	<p>CSP Steel Center., Pcl.</p> <p>- Quality Control Section Manager</p> <p>Siam Quality Steel Co.,ltd</p> <p>- Quality Insurance and System Manager</p> <p>Lohakit Metal., Pcl.</p> <p>(Not being Director/Management in other none registered or registered company/competitive or related to competitors)</p>

Remark * for more detail of training shown as Topic: “Good Corporate Governance Report”, Sub-Topic: “5.7 Board and Management Training” in this Annual Report.

** including share of related person under section 258 of SET Law.

Authority Details of Directors and Management

Executive / Director / Committee	Director		Executive		Audit/ Independent Committee	Nomination and Remuneration Committee	CG Committee	Managing Director	Corporate Secretary
	CSP	Chaisupat	CSP	Chaisupat	CSP	CSP	CSP	CSP	CSP
1. Mr. Supachai Chaisupat	/*	/	/	/*					
2. Mr. Weerasak Chaisupat	/		/				/	/	
3. Mr. Kritsada Chaisupat	/		/				/		
4. Mr. Bunjerd Somsem	/					/			
5. Mrs. Panthipa Chewthanasoontorn	/								
6. Pol. Gen.Vichien Samarnpong	/								
7. Mr. Charus Khanchanakhajit	/				/*	/*			
8. Mr. Janram Atthakrisna	/				/	/			
9. Mr. Chalermpong Mahavanidvong	/				/	/	/*		
10. Mrs. Piyarat Sawatdee			/						
11. Mrs. Suwimon Chaisupat			/						
12. Ms. Wunthakarn Junthacot			/						
13. Mr. Mana Srivikanon			/				/		/
14. Mr. Chatchai Pengmeesri							/		

Remark: * means to The Chairman of the board / committee.

Report of Directors and Executives' Common Shares Holding

Name of Directors / Executives	As of December 31, 2018			Change: Increase/(Decrease) during the year	As of December 31, 2019		
	Quantity of Shares Holding by Directors / Executives	Quantity of Shares Holding by Related Persons*	Total		Quantity of Shares Holding by Directors / Executives	Quantity of Shares Holding by Related Persons*	Total
1. Mr. Supachai Chaisupat Chairman / CEO	42,000,000	42,000,000	84,000,000	-	42,000,000	42,000,000	84,000,000
2. Mr. Weerasak Chaisupat Managing Director / Director / CG Committee	30,300,000	-	30,300,000	-	30,300,000	-	30,300,000
3. Mr. Kritsada Chaisupat Executive Vice President in General Management / Director / CG Committee	30,000,000	-	30,000,000	-	30,000,000	-	30,000,000
4. Mr. Bunjerd Somsem Director / Nomination and Remuneration Committee	30,000	-	30,000	-	30,000	-	30,000
5. Mrs. Panthipa Chewthanasoontorn Director	10,000,000	-	10,000,000	-	10,000,000	-	10,000,000

Name of Directors / Executives	As of December 31, 2018			Change: Increase/(Decrease) during the year	As of December 31, 2019		
	Quantity of Shares Holding by Directors / Executives	Quantity of Shares Holding by Related Persons*	Total		Quantity of Shares Holding by Directors / Executives	Quantity of Shares Holding by Related Persons*	Total
6. Pol. Gen.Vichien Samarnpong Director	-	-	-	-	-	-	-
7. Mr. Charus Khanchanakhajit Chairman of Audit Committee / Chairman of Nomination and Remuneration Committee	-	-	-	-	-	-	-
8. Mr. Janran Atthakrisna Audit Committee / Nomination and Remuneration Committee	-	-	-	-	-	-	-
9. Mr. Chalermpong Mahavanidvong Audit Committee / Nomination and Remuneration Committee / Chairman of CG Committee	-	-	-	-	-	-	-
10. Mrs. Suwimon Chaisupat Executive Vice President in Finance and Accounting	-	30,300,000	30,300,000	-	-	30,300,000	30,300,000

Name of Directors / Executives	As of December 31, 2018			Change: Increase/(Decrease) during the year	As of December 31, 2019		
	Quantity of Shares Holding by Directors / Executives	Quantity of Shares Holding by Related Persons*	Total		Quantity of Shares Holding by Directors / Executives	Quantity of Shares Holding by Related Persons*	Total
11. Mrs. Piyarat Sawatdee Executive Vice President in Sales & Marketing	100	-	100	-	100	-	100
12. Miss Wunthakarn Junthacot Executive Vice President in Human Resources	-	-	-	-	-	-	-
13. Mr. Mana Srivikanon Accounting Manager / Corporate Secretary / CG Committee	-	-	-	-	-	-	-
14. Mr. Chatchai Pengmeesri Quality Management System Manager (QMS Manager) / CG Committee	-	-	-	-	-	-	-

Remark * Related Persons of Directors / Executives mean:

- 1) Spouse and minor child (children) of Directors / Executives.
- 2) Corporation(s) which Directors / Executives and 1) held together more than 30% of the right to vote of such corporation.
- 3) Corporation(s) which Directors / Executives and persons as 1) and 2) held together more than 30% of the right to vote of such corporation.
- 4) Corporation(s) which held step-by-step by persons as 3), starting with shareholder(s) of the corporation(s) as 3) and each step would held by more than 30% of the right to vote of such corporation.

“Keep Growing Together”

2019



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